EUROPE'S BUSINESS NEWSPAPER

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Tuesday June 7 1988

D 8523 A

World News

Singapore frees lawyer rates to to stand in elections

The Singapore Government imposed a one-year detention order on Francis Seow, a former versive contacts with versive contacts with mats, but said it would release him from prison to run as a candidate at the next general election. He was alleged to have sought the promise of asylum in the US if his attempt to become a member of parliament ran into problems. Page 4

Shevardnadze to meet

Shevardnadze to meet

TATE & LYLE, UK sugar refiner, is to recoup half of the st. 48bn it spent to buy Staley Continental, US corn syrup group, by selling Staley's food services business for \$700m to Sysco, largest US food distributor. Page 25

Fears that a weekend region of the strength of the services business for \$700m to Sysco, largest US food distributor. Page 25 Solicitor General accused of sub-versive contacts with US diplo-mats, but said it would release him from prison to run as a can-

nadze, Soviet Foreign Minister, in New York during a special UN session on disarmament. Shultz

Holocaust 'pay-out'

East Germany is ready to pay up to \$100m to survivors of the Nazl Holocaust in a reversal of long-standing policy, a Jewish leader said after talks with East German leader Erich Honecker.

China blocks Silkworms The Chinese Foreign Ministry denied a US newspaper report that Chinese-made Silkworm mis-

siles arrived in Iran last month, saying China had tried to stop the flow of the missiles to Iran. Secul student unrest

A student leader who set himself

on fire during an anti-govern-ment, anti-US protest over the weekend died of his injuries, and 148 other students were arrested while attempting to hold a rally near the North Korean border. Hyundai strikes, Page 24

Bulgarian reforms

Bulgaria's Communist authorities released plans to reform the state-run arts that would give theatres, film studios and other bodies the right to run their own interference from the state.

Pakistan opposition

Benazir Bhutto, leader of the WALL STREET: The Dow Jones Pakistan Peoples Party, called all industrial average closed down opposition parties to unite and 3.91 at 2.075.21. Page 46 force President is ut-Hay to hold TOKYO: The Nikkel average, elections within 90 days Page 4 elections within 90 days. Page 4

Page charges dropped

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UK police dropped all charges slackened, however, on profit-takagainst Allan Page, a defendant in the Alexander Howden fraud in the Alexander Howden fraud average closed 89.76 points in the Alexander Howden fraud average closed 89.76 points higher at 27,996.24. Page 46
Page was arrested on fraud and policary charges, arising from the conspiracy charges, arising from the conspiracy charges, arising from the constitution of the constitution o

Sandinista Government and Nic- 35 Sandinista Government and Nacaraguan rebels open new peace talks today and the US-backed \$1.8010. It closed in London at rebels say they are preparing for \$1.8025 (\$1.8000); DM3.0950 renewed civil war if the meeting (DM3.1000); FFr10.4625 fails. Each side has accused the other of repeated violations of a (SFr2.5825); Y227.25 (Y226.00).

Heavy fighting continued in Afghanistan's north-east province, and up to 100 Soviet soldiers were reported killed in a clash with Mujahideen guerrillas, the Agency Afghan Press said. There was no independent confirmation

Soviet church council Russian Orthodox bishops, marking millennium of Christianity, US SENATE approved \$1.1 trilopened their General Church hon budget for the fiscal year Council, the third such gathering 1989.

allowed by the atheist state since the Second World War. the Second World War.

Assurances Generales de France announced they had taken control of Assubel-Vie, a major Bel-

A builders' strike is delaying gian insurer.

Europe :

Companies

Companies.

World Trade ..

Britain

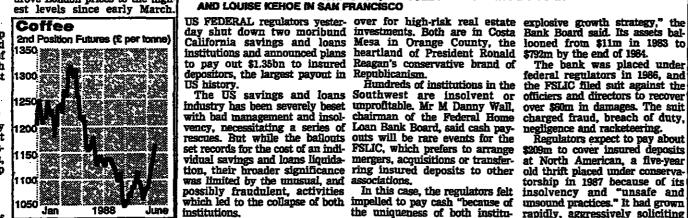
to be known as Yesiller. **CONTENTS**

Business Summary

UK raises 8.5% as £ weakens

to raise bank base rates by ¼ a percentage point to 8½ per cent, the second rise in less than a week. The move, which had been anticipated by financial markets.

frost had caused heavy damage in Brazil's prime growing regions drove London prices to the high-



it emerged that no serious damage had been done and the London futures market closed £29 up on balance at £1,163.50 a tonne.

MACMILLAN, US publisher, saw its shares rise above the revised takeover offer from Robert Bass, Texas investor. Page 25

LONDON: International blue chips ICI, Glaxo, BAT and Shell again took the market higher, as again took the market nigher, as investors considered the weaker pound to be good news for exporters. The FT-SE 100 index added 13.5 to 1,832.7. Page 42

supported by waning inflation fears in the US, topped 28,000 for the first time. The upward trend

Page was arrested on Iraun and conspiracy charges, arising from DM1.7135, Y125.75, FFr5.7925, the Howden affair at Lloyd's of London Page 12 Y126.10 (Y125.90); DM1.7165 (DM1.7270); FFr5.8050 (FFr5.835); Sandinista peace talks and SFr1.4320 (SFr1.4385). Page

Page 35 KUWAIT Investment Office, one

was no independent confirmation BASS, Britain's biggest brewer, will become the country's largest bingo club operator after agree-ing to buy Zetters Leisure for

GROUPE AG of Belgjum and

Intl. Canital Markets

Unit Trants

11-14

Pressure grows for Palme inquiry minister to quit

THE POLITICAL crisis in Swedemand that Mrs Leijon either support.

"Mrs Leijon felt enormous "Mr

vidual savings and loans liquida-

US regulators will pay

\$1.3bn to depositors

BY NANCY DUNNE IN WASHINGTON, ANATOLE KALETSKY IN NEW YORI AND LOUISE KEHOE IN SAN FRANCISCO

vency, necessitating a series of Loan Bank Board, said cash pay-

The North American Savings tions in that they had no retail and Loan Association and American Diversified Savings Bank franchise value that would have

have been run by regulators for made them marketable," Mr Wall

more than a year. Both have said.
suits pending against their offi- The bulk of the paycers. The two had paid interest out - \$1.14bn - will go to deposi-

rates well over the average in an tors at American Diversified, an effort to attract large short-term eight-year-old state-chartered depositors and turned the funds thrift, which in 1983 adopted "an

BY ALAN CAME AND TERRY DODSWORTH IN LONDON

accelerate the momentum of the IBM is the better."
radical organisational shake-up Mr Akers was g

at failed S&L groups

ry out \$1.35bn to insured Reagan's conservative brand of the bank was placed under itors, the largest payout in Republicanism.

Republicanism.

Hundreds of institutions in the federal regulators in 1986, and the FSLIC filed suit against the

mergers, acquisitions or transfer-

In this case, the regulators felt

IBM will switch 'thousands' to

line jobs in continuing shake-up

INTERNATIONAL Business continue. "No question about it," working directly with customers Machines will maintain and even he said. "The more decentralised These measures have recently

launched in the face of its profits press conference in the UK, an 1986 during the sustained recescillapse two years ago, Mr John illustration of the company's new sion in the US computer indus-Akers, chairman, said yesterday. Willingness to communicate. He expected "thousands" more was in combative form, freef the company's administrative quently accusing questioners of the last three quarters and the company's administrative quently accusing questioners of the last three quarters and the company's administrative quently accusing questioners of the company's administrative quently accusing questioners of the last three quarters are the profits in the last three quarters.

jobs, he said in London.

"I think we can have more of mouth. "You have just changed the IBM company's people on the firing line, developing, manufacturing, selling and supporting the product rather than people who chairman, IBM has reduced its remained dissatisfied with the observe these processes," said Mr worldwide workforce by 16,000 to company's performance, fre-Akers, who became head of the 385,000. In the process, it has quently stressing that IBM had to world's largest computer companyed a further 21,000 from reinforce its requisition for qual-

den deepened last night when parties, which between them command a majority in Parliament, said they would press for the removal of Mrs Anna-Greta Leijon, the Justice Minister, because of her handling of the murder inquiry Mr Olof Paime, the former prime minister.

The small Communist Party, on which the ruling Social Democrats rely for their majority in Parliament, yesterday threw its weight behind the opposition resign or be sacked.

She has faced a wave of critical responsibility to solve the quescion (of the killing)," Mr Carlsson she authorized a secret investigation, (of the killing)," Mr Carlsson she authorized a secret investigation, (of the killing)," Mr Carlsson she authorized to swedish premier.

While Mr Lars were time very loss the police, into the February 1986 killing of the Social Democratic parliamentary group. The political pressure on the minister to resign was growing more intense last night.

The private inquiry authorized by Mrs Leijon was entrusted to by Mrs Leijon was entrusted to by Mrs Leijon felt enormous responsibility to solve the quescion (of the killing)," Mr Carlsson she authorized a secret investigation, into the February 1986 killing of the February 1986 killing of the February 1986 killing of the more intense last night.

The private inquiry authorized by Mrs Leijon was entrusted to Mr Ebbe Carlsson, a leading former justice department official.

over \$60m in damages. The suit charged fraud, breach of duty, negligence and racketeering.

negligence and racketeering.
Regulators expect to pay about \$209m to cover insured deposits at North American, a five-year old thrift placed under conservatorship in 1987 because of its insolvency and "unsafe and unsound practices." It had grown rapidly appraesively soliciting

rapidly, aggressively soliciting high-cost jumbo certificates of deposit which were invested in

real estate, loan participations

and time-sharing investments.

The Bank Board said it vio-

lated numerous regulations, including conflict of interest rules. Suit was filed against its officers in an effort to recover Continued on Page 24

These measures have recently reversed the downward trend in

backs of the police involved in She was given the brief of the official Palme investigation shaking up the Justice Departand Sweden's own security serment vices SAPO, who have made no Unit

As freelance investigator, he Mrs Leijon's behaviour has was provided with a letter of shocked her own party, and recommendation from Mrs Leijon senior members of the Cabine to be presented to British intelli- had no idea what she was doing gence, asking for information
"regarding the background to the
murder" which she believed it
predecessor was forced to resign over the farcical escape of the This was done behind the country's top convicted spy.

vices SAPO, who have made no visible progress in solving the murder.

Until now she has been very popular among Social Democrats and has been held in high regard



French National Front leader Jean-Marie Le Pen yesterday following his party's poor showing in the elections

French parties cast pacts for final vote

FRANCE'S POLITICAL parties yesterday started gearing up for the final stretch of a general election campaign that is turning into a classic left-right confrontation and looks like being a much closer race than the opinion polls had previously suggested. The Socialist and Communist parties committed themselves to

parties committed themselves to a mutual support pact in the final round of voting next Sun-day, while the neo-Gaullist RPR party and its centre-right allies in the UDF met to step up the co-or-dination of their positions.

voing agreement from the train-tional right-wing parties. It claimed that negotiations on such a pact were already under way with the Gaullists.

Meanwhile, a major question mark remains over whether the

mainstream parties can, by the end of this week, mobilise their supporters sufficiently to increase the voting level. Until now the election cam-

paign has been lethargic and the first round of voting on Sunday was marked by a record abstention rate of more than 34 per cen which represented a sharp set-back for predictions that the Socialist Party would win a large absolute majority.

Mr Georges Marchais, secretary-general of the Commu-

nist Party, announced yesterday that Communist candidates would withdraw in favour of Socialist candidates where the Socialists scored more votes. But he made it clear that this did not

ity to the centre to include non-Socialists. Mr Pierre Mauroy, first secretary of the Socialist Party, returned the compliment in from Johannesburg's black townslightly more ambiguous terms, ship of Soweto, and several vio-lent incidents in Natal.

Continued on Page 24 Voters prove pundits wrong, Page 2

Two million S African workers in strike protest

By Anthony Robinson In Johannesburg

NEARLY two million black workers in South Africa stayed home esterday at the start of a threeday protest against proposed gov-ernment restrictions on trade unions and the suppression of 17 anti-apartheid groups three

Hardest hit was South Africa's economic heartland, the Pre-toria-Witwatersrand-Vereeniging

triangle.
The Labour Monitoring Group, an independent body, calculated that at least 1.9m people did not go to work: "This makes it the biggest strike in South African history," said a spokesman.

The Congress of South African Trade Unions (Cosatu) had called on workers to stay home to protest against the Government's Labour Relations Amendment Bill, which is designed to curb union powers. The country's emergency laws prevented the Congress from advertising its

campaign.
Although central Johannesburg and the industrial suburbs were virtually deserted, the vital gold mines continued to function normally with the exception of Gencor's Grootylei mine where half the workforce stayed away. The Chamber of Mines estimated that only 9,000 of the 550,000 miners employed by the six major mining companies took part in the stayaway, although Mr Cyril Ramaphosa, General Secretary of the National Union

secretary of the National Union of Mineworkers (NUM) estimated that up to 40,000 mineworkers were involved. "It is still early days," he added.

The surprisingly small impact of the stayaway in the mining industry, which provides more than 60 per cent of South Africa's foreign exchange, followed Frithan 60 per cent of South Africa's foreign exchange, followed Friday's successful interdict brought by the Anglo American Corporation, South African mining consortium, against NUM officials in the Orange Free State. This restrained local union officials from openly calling for a stayawav.

Outside the mining sector companies in Pretoria and in the dination of their positions.

On the extreme right, however, the National Front continued its war of nerves to extract a mutual voting agreement from the traditional right, and allusion to President Mitterrand's repeated desire to migrate the parliamentary major.

The first day of the stayaway passed off relatively peacefully. Police and army units stood

guard over railway stations, bus stations and taxi ranks.

Akers, who became head of the world's largest computer company two years ago. The company's current moves activities, with more than half of these going into field positions activities. **RWE** to buy Deutsche Texaco

BY ANDREW FISHER IN FRANKFURT AND KAREN FOSSLI IN OSLO

decision by the autumn to share in a new marketing and refining

A builders' strike is using the work on Barcelona's 1992. Olympic stadium, which must be ready complete stadium, which must be ready group, is to sell its gold mining for the World Athletics Champiconships in September next year. and exploration interests in Indonesia, Page 27 Greens in Turkey

A group of physicians, lawyers, journalists, and other professional people established Turkey's first environmentalist party to be known as Yesiller.

REPSOL, state-owned Spanish oil state of the end of a heavy investment statoil because it has the scope to become Europe's largest market for crude oil and products.

The German unity is nearing been an interesting market for the end of a heavy investment statoil because it has the scope to become Europe's largest market for crude oil and products.

The Norwegian company said that Mr Arne Ocien, the counspilled in the counspilled in the North Sea. Page 25

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. 39-39

For Texaco, the German deal

TESTING TIME

<u>AUSTRALIAN</u>

POPPY TAKES

THE STRAIN

Entrepreneur Alan Bond's latest business

foray is an A\$850m bld for Robert

Holmes à Court's Bell Group, Page 22

RWE, West Germany's largest electricity utility, has agreed to pay \$1.22bn (£680m) for Deutsche but a decision by Statoil to participate in the RWE offer would into the energy sector and broadens its industrial scope at a time when it has more cash to spare for new investments.

Confirming the widely expected deal, RWE (Rhelnisch-West-falisches Elektrizitätswerk) also said that it was engaged in "promising negotiations" with Statoil, the Norwegian state oil group, as a possible partner.

Statoil said it could reach a decision by Statoil to participate in the RWE offer would in the RWE offer would by the autumn to share informed of the talks, but a decision by Statoil to participate in the RWE offer would in the purchase of Deutsche Texaco will add DM7.6bn (\$4.4bn) to RWE's annual turnover, bringing it up to around DM35bn, and prowide it with 1,900 petrol stations, oil and gas exploration and provide it with 1,900 petrol stations, oil and gas exploration and provide it with 1,900 petrol stations, oil and gas exploration and provide it with 1,900 petrol stations, oil and gas exploration and provide it with 1,900 petrol stations, oil and gas exploration and provide it with 1,900 petrol stations of a wider sales of the acquisition of a wider sales network for its existing oil unit, the problem-ridden Union Rheinsich Braunkohle (UK Wesseling).

For Texaco, the German deal

marks an important step in the company to be formed out of RWE's own operations and those of Deutsche Texaco.

Statoil said RWE first approached it several weeks ago to become a partner and to supply long-term crude oil and oil products. West Germany has long been an interesting market for Statoil because it has the scope to become Europe's largest market for crude oil and products.

The German utility is nearing to last year, Deutsche Texaco's net profits fell sharply from DMISGM to DM67.5m, reflecting losses on oil refining and sales. Despite the continued low oil and gas prices, however, the company's products also of 12m tonnes.

The German utility is nearing the end of a heavy investment programme, much of which has been caused by tough clean air been caused by tough clean air laws introduced in the early one of Germany's leading printing equipment companies, Heidel-Last year, Deutsche Texaco's net profits fell sharply from DM135m to DM67.5m, reflecting losses on oil refining and sales.

companies – is actively involved in advising on the buying and selling of companies. So if you up in a business worth £1 million or more, we are ready to help.

ing equipment companies, Heidel-berger Druckmaschinen.

French elections: Voters prove the pundits wrong again 1992: EC wrestles with creation of integrated market in banking Nicaragua: US clears Contras off the policy Technology: Taking the heat out of the plas-Carpets: Coloroll's acquisition takes it to the Editorial comment: The French conundrum: Fading zeal for tax reform Moscow Summit: Edward Mortimer defends Reagan's emphasis on human rights _____ 23 Lex: Bond/Bell Group; Amersham International; Markets; Tate & Lyle

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W Germans told pension system could collapse

In an intriguing example of the

BY DAVID GOODHART IN BONN

THE WORKING life of West Germans may have to be lengthened, not shortened, if the social security and pension system is to avoid collapse, according to the employers organisation Bundesverband der Deutschen Industrie whereas currently there are two active workers for every pensioner by 2030 it will be one to

Mr Tyll Necker, BDI president, sioner by 2030 it will be one to pointing to a combination of one.

early retirement and a falling population, said that by AD 2030 Mr Necker was critical of the Government's failure to reduce the 18.7 per cent of salary that is business costs and the decision to currently paid towards pension increase consumer taxes next benefits (and matched by employ- year, he also pointed to the worers) would have to double or, rying downward trend in investalternatively, pensions would ment. have to be halved. In a

Mr Necker, who was addressing his organisation's annual conference, is well known as a tributing copies of a letter from harsh critic of the Bonn Government — especially about failure to control non-wage labour costs many, in which Mr Henzler is — and has turned the BDI into a taken to task for comments he less than respectful observer of made about formers industry in the second of the BDI into a taken to task for comments he less than respectful observer of made about German industry in the West German economic a news magazine. The letter conscene.

His comments on the urgent many for a more competitive need for a radical review of work.

Europe without trade barriers and we must therefore overcome.

ing time and social security pay- and we must therefore overcome ments is aimed as much at the defensive mentalities and strate-Government as at unions' cont. gles." Government as at unions' continuing campaign for reduced working time. The Government has just started its review of the pension system (it is also in the midst of trying to reform the tax, health and supplementary benefit system) and yesterday Mr Norbert Blüm, Labour Minister, said in a radio interview that there would be no need to increase the

Waldheim hails verdict of

PRESIDENT Kurt Waldheim of ings were shown, a war historian

Austria said that the ruling of a said the retired judges had falled mock television trial that he was to address the key question of unlikely to have committed Nazi atrocities proved he was the victim of a slander campaign, Reuter reports from Vienna.

Secondary Walning of a said the retired judges had falled no didness the key question of how Dr Waldheim had held high office despite admitting he had not told the truth.

The President told Austrian

Speaking during a visit to Saudi Arabia, Dr Waldheim predicted that the findings by five though it is a purely private cast on Britain's index of the same and th

retired judges in Sunday's broad-cast on Britain's independent television would impress Western states. Dr Waldheim has been largely shunned by Western lead-ers since allegations surfaced about his Second World War activities.

at EC entry 'in long run'

British television 'trial'

Italian pay deal may be rejected by teachers

per cent to some grades over the next three years, break-away militant groups are

One of the established trade union confederations, the CGIL, is so hesitant that it wants at least mother week to consult its members. Mean-while, teachers in many schools are refusing to work normally.

With teachers due to supervise school-leaving examina-tions and to carry out annual final assessment meetings next week, the Government is being forced to consider a legal inter-vention to assure some kind of normal conclusion to the aca-

demic year.

This may include a full-scale precetazzione whereby public sector employees can be legally required to work normally, or a waiving of the regular norms requiring a full complement of teachers for assessment meetings.

When the draft agreement was reached last Thursday, Ministers had hoped for a formal signing this Thursday.

decision until later this week. Meanwhile, Gilda is maintaining its existing ban on examinations and assessments.

Also at the weekend, the hard-line Cobas group rejected the accord out of hand, claiming that the money was inadequate, the increase in teachers'

Whether or not the Govern-ment feels bound to intervene

But the World Jewish Congress, which initiated many of cluded that the evidence they the allegations, denounced the had heard was not enough to television trial as "consumer make it probable that Mr Wal-In Israel, where more than war crimes as alleged in the tele-three hours of the mock proceed-vision inquiry. Norwegian minister hints

However, the entire exercise demonstrates the immense dif-ficulties unions are having in interpreting their members' priorities. Despite having secured generous pay rises, the absence of any Government assurance that teachers' pay would be related to university

HOPES THAT virtually all dis-ruptive action in the Italian school system would be brought to an end this week are looking distinctly shaky in the face of strong moves among many rank and file teachers to reject last week's preliminary pay deal.

Despite being awarded pay increases worth more than 50

rejecting the proposed contract as inadequate.

mai signing this Thursday. However, a rowdy meeting of Gilda, the moderate wing of rebel teachers who have rejected the established unions, attacked the leader-ship for initialling the draft accord and deferred any final decision until later this week

workload unacceptable and a 50,000 cut in jobs excessive.

could be determined by Snals, the largest of the independent teaching unions, which also initialled the deal last week and whose leadership is due to take a final view in the next

day or two.

Although it seems impossible to make precise judgments about the relative strengths of any of the education unions, acceptance by Snals and two of the three union confederations might force the others into

FT Correspondents assess the state of the parties after the first round of French voting

French voters prove pundits wrong again

experts and, above all, on the politicians. The constant flood of count on picking up most of the insistent on the need to avoid an public opinion polls gave the impression that the future was predictable; time and again the voters have perversely bucked the expected trend.

Six weeks ago, after the first round of the presidential election, the pundits were startled by the sudden explosion in the vote for Mr. Jean-Marie Le Pen, leader that Sunday's 3i per cent abstential elections. The sudden explosion in the vote for Mr. Jean-Marie Le Pen, leader that Sunday's 3i per cent abstential elections.

for Mr Jean-Marie Le Pen, leader that Sunday's 34 per cent abstenof the extreme right-wing tion rate (a record since the SecNational Front. A fortnight later, ond World War) was unfavouraafter the decisive second round, ble for minor candidates; but it is
they were taken aback by the not absolutely clear why one scale of the defeat of Mr Jacques third of the electorate stayed at Chirac, leader of the RPR Gaull-home, how many will vote next

IT LOOKS as if 1988 is turning short. The Socialists won just on the avintage year in the under 38 per cent of the vote, and annals of French elections, at the traditional right and centreleast for the number of surprises right parties around 40 per cent; inflicted by the electorate on the but the Socialists have the advantage experts and, above all, on the politicism. The constant flood of count on righting up need of the incident were so incident in the constant flood of count on righting up need of the incident incident in the politicism.

chirac, leader of the RPR Gaullist party. And Sunday's first Sunday, or whom they will vote
lection has completed a triple
series of upsets, with a record abstention level which throws open all previous assumptions of a massive Socialist majority in
Parliament.

After Sunday's vote, the new conventional wisdom is that the Socialists will probably secure a fatigue. Second, the political partors, sunday is run-off, though one possibility that they may fall just

After Sunday's run-off, though one possibility that they may fall just

In the defeat of Mr Jacques third of the electionae stayrun and thome, how many will vote next predominantly true, then one might look for a backlash next Sunday, with many Socialist supporters coming to the aid of the party. The pattern of 1981, which stay the protest coming to the aid of the party. The pattern of 1981, which shall be previous assumptions of the voters were already worn out by a presidential campaign which started as long ago as last tory. Mr Mitterrand called immediate general elections in round one, the abstention rate was not encourage this expectation.

After Sunday's vote, the new conventional wisdom is that the surface and in any case had pollting institute holds out the failed to rustle up any plausible possibility that they may fall just in a proceeding the provided pr

why so many of the electorate stayed at home last Sunday

If the last two explanations are predominantly true, then one might look for a backlash next Sunday, with many Socialist supporters coming to the aid of the party. The pattern of 1981, which so far resembles that of 1988, does

lute majority of seats in round two, but mainly because the Communist score of 16 per cent in round one provided a large reserve of left-wing voters. This time the Communist base-line is only 11 per cent.

In any event, the relative short-fall in the Socialist performance on Sunday has produced an immediate transformation in the language of political leaders on left and right. In the run-up to last Sunday's vote, the President and Prime Minister were seeking to woo the centre with insistent proposals of something which they describe as "the opening".

quite unrestrained. In other words, the shock effect of the record abstention rate has been to shift the substance of this general election compaign from a high-minded debate about "opening", towards a classic left-right confrontation between the mainstream political parties. This sim-plifies the issues: it is easy to sympathise with the Socialist ideal of a broader majority, but difficult to see how it could be put into practice. For the experts an "opening" remains an essen-tial part of the political diet; they continue to claim that it will be forced on the socialists, willy-nilly, after the election. So per-haps that will be the subject of

All change on far right and left Strong vote puts

THE FORTUNES of the French Communist Party (PCF) and of the National Front, the two parties at the opposite extremes of the French political spectrum, were completely reversed in the first round of the French general election on Sunday.

Mr Georges Marchais's Communists succeeded in halting their steady electoral decline and managed to increase their overall share of the vote to 11.3 per cent after hitting an historic low of 6.7 per cent in last month's presiden-

Although the majority voting system is expected to halve the Communist presence in the National Assembly – the PCF is expected to win no more than 10-15 seats compared with 35 seats in the former Parliament – the Communists have scored an important victory both psychologically and symbolically by polling more votes than Mr Jean Marie Le Pen's National Front. The latter had overtaken the

expected to lose all its 32 seats in figure in Marseilles.



Marchais: Surprise revival of Communist Party's fortunes Communists in the 1986 general tated by the then voting system from the scene. Indeed, Mr Le communists in the 1985 general tated by the then voting system of proportional representation.

In the 1985 general tated by the then voting system of proportional representation.

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In the 1985 general tated by the then voting proportional representation.

In the 1985 general tated by the then voting system of proportional representation.

In th in the first round of the presiden- But even though eight National that election was largely the Front candidates, including Mr result of his personal appeal for a Le Pen, came ahead of the repredection of the National Front on round, while Mr Michel Noir, the

result of his personal appeal for a Le Pen, came ahead of the reprelarge portion of the electorate who in voting for him were RPR-UDF right in the region, score came as a surprise. None of the main political opinion polls traditional candidates of the the second round with the exception perhaps of Mr Pascal the fortunes of the Communists, and left.

The National Front is now Arrighi, a veteran National Front the combinate of the National Front is now arright, a veteran National Front the combinate of the National Front of the National Front is now arright, a veteran National Front the combinate of the National Front of the National Front is now arright, a veteran National Front the combinate of the National Front of the extreme-right National Front his insistence that the RPR must Several right-wing seats may have no truck with the extreme right with the extreme right national Front is now as a surprise. None of the must avoid the traditional Front of the extreme-right National Front his insistence that the RPR must seemed that the RPR must avoid the traditional front of the extreme-right National Front his insistence that the RPR must seemed that the RPR must avoid the traditional front of the extreme-right National Front his insistence that the extreme right with the extreme of the extreme-right National Front his insistence that the RPR must avoid the traditional front of the communist party former Trade Minister noted that the extreme-right National Front his insistence that the extreme right with the extreme of the extreme right National Front his insistence that the extreme right with the extreme from the combined effects of the

spotlight on centrists

unclear whether the voters were rewarding them for resisting the Socialists' approaches, or encouraging them along the path of openness and dialogue.

UDF grouping such as ex-President Valéry Giscard d'Estaing and his former Prime Minister,

admitted he was offered a post in the new administration, was round, while Mr Michel Noir, the it must avoid the trap posed by former Trade Minister noted for the extreme-right National Front. have no truck with the extremed that right, received 47.83 per cent of the votes in his Lyon constituency and is well placed for the to avoid splitting the right's second-round rup-off.

AFTER the re-election of President François Mitterrand, France's centrists came into prominence as the Socialists tried to woo them into the Government, with only small success.

UDF grouping. Its chairman, the former Public Works Minister Mr Pierre Mehaignerie, was always expected to go through in the first round in his Brittany strong much as Mr Bornard Rosson. hold, but other CDS former min-isters such as Mr Bernard Bosson Their strong score in the first or Mr Adrian Zeller faced tougher round of the legislative elections on Sunday brought them back into the limelight, even if it was into the limelight, even if it was the votes in their constituencies to go through in the first round.

The CDS's success has encouraged some of its members to penness and dialogue.

believe it may be able to form an independent parliamentary group in the new National Assembly. which requires 30 seats.

But Sunday's strong centrist vote owes much not only to the Mr Raymond Barre, were re-elected sweepingly in the first round. They will now be free to but also to the right's electoral take leading roles in the national alliance, with single candidates take leading roles in the national alliance, with single candidates campaign before next Sunday's in almost all constituencies. And the separatest tastic will. strongly contested by other cen-tre-right leaders such as Mr Gis-

The Norwegian parliamentary Brussels to refuse. EC officials debate today on the country's conceded, for it is the only out-relations with the European sider which has negotiated accesexpected to lose an its 22 sears in light in marselles. However, the poor showing of Socialist party's move towards after its triumphant entry. But the National Front does not mean the centre and a moderate revival that event had been greatly facilitation will suddenly disappear in trade union militancy. The success was most marked, Such a deal could drive the cenhowever, for the CDS party, the drists to accept the Socialist overmost centrist component of the salaries seems to be one cause of widespread discontent. Community will probably accelsion. Austria is considering an erate an eventual application by application to the EC. Oslo for membership, Mr Thorman Mr Stoltenberg was accompan-Mr Stoltenberg was accomp Ozal support slips as austerity bites and Turkish strikes spread

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

vald Stoltenberg, the Norwegian ied to Brussels by Mr Kurt Mos foreign minister, predicted to the bakk, the foreign trade and ship-EC Commission yesterday. ping minister, who indicated Oslo's interest in remaining in However, in a round of EC-Nor-AUSTERITY measures at last appear to be curbing inflation in wegian high level talks with Mr touch with community plans to Willy De Clercq, the EC external liberalise air, sea and road transaffairs commissioner, Mr Stolten- port. Some 70 per cent of Norweberg made it clear that his coungian trade is with the EC.

try was only slowly resuming the courtship with the EC it broke off Norway's parliament approved a law giving the minority Labour government much 16 years ago when Norwegians voted not to ratify their treaty of tighter control over the stock EC accession by a 52/48 majority. exchange, including jall terms of The Storting (parliament) is up to three years for anytone only today debating a white breaking the bourse rules, Reuter paper on relations with the EC

which the government tabled a Labour first proposed the law year ago. Mr Stoltenberg said the one year ago and obtained a par-open debate would improve publiamentary majority with the lic understanding of relations help of its centrist allies, the with the community and that Christian People's Party and the would "in the long run" lead to a Centre Party.

discussion about joining the EC. The main opposition Conserva-Of all potential EC applicants tives and the tiny right-wing Norway would be the hardest for Progress Party voted against.

BY JIM BODGENER

IN ANKARA sale price terms to 2.1 per cent in May compared to April, according to the State Institute of Statistics. The twelve-month whole sale inflation rate peaked at 68.5 the other parliamentary party, per cent in April, falling to 64.2 the True Path Party (DYP) led by Mr. Sulawana Demical a former per cent last month. However, only six months after premier.

general elections, the popularity Analysts say that the Govern- had been deliberated of the ruling Motherland Party ment needs to bring about a until after the vote. (Anap) in opinion polls has sunk strong improvement in inflation to its lowest level since Prime to avoid serious unrest by

reflected in Anap's 25.6 per cent leadership of the main trade share of a recent poll in the Istan-union confederation, Turk-Is, bul daily Milliyet, compared with now finds itself compromised

Mr Suleyman Demirel, a former

Minister Turgut Ozal took office autumn, and possibly outbreaks in 1983.

Of isolated violent protests.

Of isolated violent protests.

Of isolated violent protests.

Of isolated violent protests.

In an election year – which he eroded living standards is the country and the moderate – these price bikes sustained the

and its dialogue with the Govern-State Minister Yusuf Bozkurt

Ozal - the Premier's brother and responsible for the economy in general - told the Financial Times recently that swingeing ately after the general elections, had been deliberately held back

Coupled with the carry-through of a bloated economy from relaxed economic controls high rates of inflation into the first four months of 1988.

An era of structural change beckons pulp and paper makers

between the escalating militancy taken to bring the economy back among its rank-and-file members on course, both the Ozal brothers have stressed. In early February, an emer-

gency remedial package, includ-ing a hike in the one-year deposit rate above inflation to 65 per cent, was introduced to halt a run on the lira in the unregu-lated, but tolerated, unofficial foreign exchange market.
Trenchant criticism of real borrowing costs of up to 100 per cent

and more followed from business organisations. The package was reinforced by a budget seeking to hold growth down to 5 per cent in 1988, and to halve inflation to 33 per cent by the year end - although by now even ministers admit the latter target is

Both Anap's and the SHP's leadership will have the opportu-nity to gauge the mood of backbenchers and grass-roots membership at their party congresses on June 10 and June 25-26

The congresses will be further minor steps along the way of Turkey's erratic return to democracy since three years of military ber elections. Both men claim rule ended in 1983. A reminder they have been tortured legality of the fledgling Socialist party formed in February. Today, its leaders will also be tried in the Istanbul State Secu- party.

Sweeping cuts in public expenditure have meant that few new carry up to 15 years each, of infrastructure projects will go ahead in 1987, Tomorrow, two communist leaders face 66%-year sentences if convicted in the Ankara State Security Court of attempting to

establish a Marxist-Leninist order and to foment class struggle. The two were arrested when they misjudged the regime's tol-erance shortly before the Novem-

that Turkey still has some way to go to match European standards was the hearing yesterday on the domestic political spectrum was the successful application yesterday for formal recognition by a "Greens" environmentalists

Yugoslavia gets approval from **World Bank**

THE World Bank has confidence in Yugoslavia's tough new programme of economic reform and austerity, Mr Wilfried P. Thalwitz, the Bank's Vice-President said on Monday, Reuter reports

The programme, launched last month, lifts many controls on prices, imports and foreign currencies, while curbing wage bikes and public spending.

Yugoslavia agreed to the programme as part of a credit agree-ment with the International Mon-

Mr Thalwitz, regional World Bank Vice-President for Europe, the Middle East and North Africa, was attending the annual conference of the Yugoslav-American Economic Council in Split.

Meanwhile, a senior World Bank official said the Bank was considering granting Yugoslavia

EUROPEAN pulp and paper manufacturers still have some way to
go before they can match the
sheer size of their US and Japanese competitors. They are also
lagging behind in the process of
acquisitions and investments was
restructuring being undertaken more pronounced among Scandiin Sweden and Finland, according to Dr Hartwig Geeinat, chairto improve their position in the

ing to Dr Hartwig Geginat, chair- to improve their position in the man of the West German group European Community before Feldmühle 1992. he said. Forecasting 10 years of acceler They were operating from a ating change in an industry power base developed by acquisi-racked in recent years by the tion in their domestic markets. racked in recent years by the ton in their domestic markets, strains of adapting to increasing Three companies — Stora, MoDo globalisation, Dr Geginat told the and SCA — had come to control Financial Times World Pulp and three-quarters of the Swedish for-Paper conference in London yesetraday that his company was preparing for the advent of the single European market in 1992.

This degree of concentration would be illegal in Germany," he give European market in 1992.

gle European market in 1992.

In co-operation with its new placed West German producers at French partner, Papeterie a disadvantage against their combetome Europe's biggest manufacturer of lightweight coated de the trend towards greater vergages, with the construction of tigal integration, with pulp producers. papers with the construction of tical integration with pulp pro-an additional machine in Cor-ducers building paper machines behem, northern France. It was or buying paper companies. In also hoping to set up a greenfield the past four years exports of pulp mill in Spain. Pulp from Finland and Sweden

 $H_{\rm coll}(1,1)$

CONFERENCE Pulp and Paper

Industry had increased by 6 per cent while overseas sales of paper and board had risen 30 per cent. This had increased the presire on non-integrated producers

tegrated paper producers find themselves squeezed between risthemselves squeezed between rising pulp prices and static or the community before the end of
declining paper prices,"

Restructuring of the Swedish of Leykam-Mürztaler, Austria,
industry had been a "crucial added that his country was also

Bo Berggren, president and chief Sweden, West Germany and Finland struggled with wood costs more than double those in the southern US, eastern Canada, Portugal and Brazil for example. These suppliers would increasingly compete in the same mar-kets as Sweden.

And he forecast further struc-

tural change with more mergers, closure of small plants, and attempts by non-EC companies heavily dependent on exports to the Community, to establish themselves through takeovers inside Furgree

sure on non-integrated producers inside Europe.

In large consuming countries "Sweden is part of the EC," Mr such as West Germany, the UK, Berggren claimed, raising a few ryebrows. "Sweden's forest the market was growing, "many of the larger and efficient non-integrated paper producers find cast that Sweden would probably themselves countered the producers of the EC." Later, he forester that sweden would probably themselves countered the producers of the EC." necessity" to improve long-term preparing for entry.
competitiveness, according to Mr in common with most speak-

ers, Mr Berggren forecast a bright future for forest products markets. According to some esti-mates, global demand for paper and board would rise by 7m tonnes a year - the equivalent of Sweden's annual output - for the foreseeable future. Mr Red Cavaney, president of

the American Paper Institute, also highlighted the increasingly global nature of the market. US manufacturers would face much stronger competition both in and from the European Community, he said. US imports of high added-value printing and writing papers last year reached 2.6m tonnes compared with less than 800,000 tonnes five years earlier. The best defence was good offence, he said. More US producers were committing themselves to becoming reliable, long-term suppliers to overseas markets.
"In future, US producers are going to be much less likely to pull back from their overseas

commitments when demand

improves at home," he claimed.

Last year, for example, in the

industry's cost structure had also helped to reinstate the US as an effective world market competi-

Costs of newsprint production in western America fell 3 per cent in constant dollar terms

between 1982 and 1986.

Despite restructuring at national and international level, the paper industry was still highly fragmented when compared with other heavy industries, according to Mr Derek Catheart who is in charge of forest products corporate finance at the Toronto-Dominion Bank of the Toronto-Dominion Bank of

US paper industry exports increased 13 per cent to 13.4m tonnes.

Mr John Fery, chairman and chief executive of Boise Cascade of the US conceded that exports had been helped by the relative weakness of the dollar. Last year US pulp makers operated at 101 per cent of capacity, compared with 88 per cent in Sweden.

But improvements in the industry's cost structure had also

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a \$300m Structural Adjustment Loan, about half of which would be ready by the end of this year. | pulp mill in Spain.

EUROPEAN NEWS

Romanians may block Vienna agreement

By Judy Dempsey in Vienna

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Standalen z

HOPES faded at the weekend for an agreement on a final docu-ment at the Vienna follow-up meeting of the Conference on Security and Cooperation in Europe (CSCE), after it became clear that the Romanian delegation was preparing to block any such agreement.

Any agreement depends on consensus by the participating 35 countries which signed the Helsinki Final Act in 1975. The signatories include all European countries except Albania, plus the Soviet Union, the US and

Canada.

The growing feeling among both Western and East European diplomats is that Romania could prevent agreement on a concluding document at the long drawnout Vienna meeting which first started in November 1986.

Signs of Romania taking a much firmer stand emerged in much firmer stand emerged in

Mr Dumitru Aninouiu and Mr in a member state to establish Ion Dactu, the two Romanian itself and market its services in ambassadors at the talks, strongly suggested that they would not go along with measures which would strengthen the more recent shape of the target in the targ

human rights. The two ambassadors had recently been recalled to Romania, where apparently they received instructions, presum-ably from President Nicolae Ceausescu, not to support any final document.

Although a final document has not yet been fully drawn up, dip-lomats are painstakingly working through a draft paper presented by the 12 neutral and non-aligned (NNA) nations with the aim of reaching a compromise between East and West, particularly on the whole question of humanitarian issues which comprises the

third of three baskets. So far, diplomats have made steady progress in basket one which deals with confidence and security building measures as well as some aspects of human

Diplomats attending informal meetings between Warsaw Pact and Nato countries on the "conventional stability talks" which are taking place within the framework of the CSCE and which aim to reduce conventional forces "from the Atlantic to the Urals," are nearing agree-ment on a final mandate. At these talks diplomats expect that the two outstanding issues.

the exclusion of dual canable systems from the mandate as well as the geographical zone, will be probably inpued out over refuse to agree to any improve-ments in basket three, which con-centrates on travel and emigra-

tion, ethnic rights and artistic If this is the case, there could be a repeat of what happened at the 1985 Budapest Cultural Forum, one of the CSCE review meetings, where, just as the 35 countries were ready to sign a final document, the Romanian delegation blocked it.

Athens hit by wave of public service strikes

By Andriana lerodiaconou in

A WAVE of strikes hit Athens yesterday as the Greek Parlia-ment debated a surprise motion of no confidence in the Socialist Government tabled by the Conservative opposition.

As a strike by state secondary school teachers entered its third week, doctors employed with IKA, Greece's main social welfare

fund, began a five-day action for

higher pay.

Taxi drivers announced that Taxi drivers announced that they would be staying off the road until tomorrow, along with provincial buses, demanding ligher pensions. Bank employees were expected to join in the fray today with a 24-hour strike for higher wages and the preservation of a promotion system based on seniority rather than merit. on seniority rather than merit. Parliament is expected to vote on the no confidence motion today. The chances of the motion passing are remote given the Socialists' 157-strong majority in

EC wrestles with creation of integrated market in banking

intends to apply to other sectors, as it constructs the integrated market, so their progress could

be precedent setting.

The main proposals are contained in the Second Banking Co-ordination Directive which came out in February and is now making its way along the EC production line to the European Par-liament where it will be debated next winter. Already, parts of it have provoked controversy, making it clear that some redrafting

As a highly regulated industry, banking presents a special problem for the EC integrated market regulatory control has to be preserved regardless of what happears to control has to be preserved regardless of what happears to control has to be preserved. pens to country barriers. But rather than centralise regulation in a new EC bureaucracy, the Commission has introduced the Vienna late last week during one of the regular caucus meetings of the Warsaw Pact.

Concept of a "single banking licence". This will allow any bank which has been authorised

embody many of the key princi- services and parts of the insur- enough; it will have to have a

ers and supervisors as a sensible solution to the regulation prob-lem because it will avoid creating cal access to EC banks. This

their banks do not suffer a competitive handicap, but it might also set off a deregulatory scramble which would be harmful. ity as a powerful weapon in international commerce, particularly in light of the forthcoming Gatt Minimum levels of regulation will be guaranteed by other EC solvency. But the EC's initiatives here will be overshadowed by the new international supervisory regime being prepared by the Bank for International Settlements in Basle, which covers major banking nations like the

US, Canada and Japan, as well as

THE European Community's proposals for banking are among the most ambitious yet put forward rather than central control. And to enter the integrated market by the Commission for the single it is to be applied to other finances obtaining authorisation from one embody many of the bear reliable. ples which the Commission ance industry.

Intends to apply to other sectors, as it constructs the integrated has been welcomed both by bank
inserting into the Directive, at the last moment, a requirement

> a new super-regulator. means that if any EC member lt should also stimulate a certain amount of regulatory competation amount of regulatory competation and the state of the s tition between member states. country, that country's banks This may force countries to cut could be denied access to the back excessive regulation so that entire EC market.

> > negotiations. France is one of the leading supporters of this view. But other members are unhappy with it: one official denounced it with it: one official denounced it as an instance of the EC's "Colditz mentality".
> >
> > The UK is leading the opposition because it fears London, which hosts far more third country banking. The Directive contains the products through the same outlet ("polarisation").
> >
> > The principle adopted by the intervence. One is that individual countries monetary policy (because EC can put restrictions on banks, of services which fall within banking. The Directive contains good". Quite what this means its position of banks is monitoring the liquid-

sion has asked individual members to consider requests for authorisation as if it were already in force. In fact, virtually every major bank is already in white success and banking tradition in ings may not be more than 10 per cent of such a investment business. But this has investment business. But this has raised a storm of protest from other countries and banks, and it may well have to be reconsidered. every major bank is already in the EC so there will not exactly be a stampede. But given that reciprocity is one of the princi-ples which the EC would like to

David Lascelles examines some of the most ambitious proposals for 1992 yet put forward by the European Commission

As a highly regulated industry, banking presents a special problem. Regulatory control has to be preserved regardless of what happens to country barriers

which hosts far more third country banks than the rest of the EC an annexe listing "business and how broadly it can be because there is no overall EC movements within the put together, would be the victim which is integral to banking"; applied is expected to become a provision for it), and the third is recently agreed in principle, of every reciprocity dispute. any bank which is allowed by its Since several sizeable banking home regulator to conduct a versil below of a provision for it). The freedom of call the because there is no overall EC movements within the put together, would be the victim which is allowed by its Since several sizeable banking home regulator to conduct a versil below of a provision for it).

quite strict.
But there is considerable

ple, Denmark does not allow them expensive to hold) rather Legal Affairs Committee, and a banks to run travel agencies; than prescribing absolute limits. West Germany does not require France does; in the UK banks that banks are regulated by their cannot sell their own and other investment products through the same outlet ("polarisation").

The principle advantable that banks are regulated by their cannot sell their own and other investment products through the same outlet ("polarisation").

The principle advantable that banks are regulated by their those to this where the host countries are regulated by their cannot sell their own and other investment of the principle and the principle that same are regulated by their cannot sell their own and other investment of the principle and the principle and the principle that same are regulated by their cannot sell their own and other investment of the principle that same are regulated by their cannot sell their own and other investment products through the principle that same are regulated by their cannot sell their own and other investment products through the principle that same are regulated by their cannot sell their own and other investment products through the principle that same are regulated by their cannot sell their own and other investment products through the same outlet ("polarisation").

Although there is rivalry Since several sizeable banking home regulator to conduct a yers. EC officials claim all this between the EC and Basle in this countries, such as Australia, Canlisted business abroad may do so will be less of a problem in practive of overlap and and Sweden restrict the area, there is plenty of overlap and and Sweden restrict the throughout the EC, regardless of tice, but test cases may well have last minute as well, partly winding up of financial institutions, and two Commission to go to the European Court.

greater scope to banks in, say, have very large industrial hold-the UK which imposes few limits ings, and the EC Banking Federa-unrealistic because a bank's solon what banks may do, than in tion (the bankers' lobby group) is vency can only be judged as a litaly where bank limitations are pressing to have it dropped. If the whole, not for particular activities. "participations", bankers say, it

Although the single banking

Europe.

The list itself is broadly acceptable to bankers and may undergo little change, though it will give larly the West Germans who may be a country and its larly the British Bankers Associa-

The lobbying effort to have the potential for conflict between the Directive and various national laws and regulations. For exampurposes (which would make but the Directive changed will shortly shift to the European Parliament but but to the European Parliament where it will be considered by the report made by a rapporteur. The Parliament can demand that the Council make changes, and individual countries can block the Directive if they muster enough votes on the Council. Given this lengthy process, the Banking Directive may not be finalised

until the end of next year.

The Directive depends on a number of other measures for its effect. The freedom of capital recently agreed in principle, is an important one. So is tax harmoni-

Community ministers set today to clear four more hurdles to free trade

FOUR BARRIERS to free trade between European Community member states are due to be ordered for demolition today by a meeting of the EC's 12 trade and industry ministers.

The session is also tipped by dipmats to clear the way for a ministerial accord, possibly later this month, on far reaching proposals to

guarantee professional people the right to work anywhere in the Community, subject only to basic tests or training periods. Today's meet-ing follows an urgent plea by Mr Helmut Kohl, the West German Chancellor, to his fellow EC leaders over details of the Community's campaign to create a genuine single

market by 1992. The liberalising measures to be given member states' final approval day are common rules for good laboratory practice to avoid the need to duplicate national tests for new chemicals or drugs; standard packaging and labelling standards for dangerous substances in the home, like bleach or weedkiller; EC

rules for marking the volumes of packaged liquids; and the banning of the need, imposed in some member states, for banks to publish accounts for their separate

They are small steps on the road to the internal market, but a welcome progress for a West German BC presidency which has made slow progress in finalising single market decisions. Its big internal market achievement so far has been approval for long delayed plans to

An accord on today's four mea sures, already accepted in principle by EC ambassadors, means member states will have adopted 83 of the 211 internal market proposals so

far tabled by the Commission. Today's agenda also includes plans for a common EC trade mark and an office to administer it, a Community patent law; and measures to extend the right to live anywhere in the EC to non-workers, bringing to nine the total of barri-er-dismantling schemes for debate

MPs doubt barriers will all disappear

BY JOHN WYLES IN ROME

DESPITE THE growing clamour in virtually all European Commumity countries for urgent prepara-tions for the 1992 internal market deadline, only very small proportions of parliamentarians in Italy, France and Britain actually believe that all important barriers will have been swept away on schedule.

Many more believe – in the

case of Italy, fully one half -that many countries will be the next few weeks.

In contrast, diplomats now fear that the Romanians will simply designed to free the movement of ed to iree the mov people, goods and capital. Both italian and Spanish MPs tend to see more risks than benefits in the whole exercise, with 47 per cent in both countries believing that the more economically back-

Community commitments as an integral party of domestic politi-

"As a result, caution, reserve truly even fears are emerging about decisively attaching our-selves to the single market, says Pragma, which sees instead a strong attraction in Italy.for requesting derogations from Community agreements. Whereas 50 per cent of Italians expected widescale derogations from 1992 commitments, only 36 per cent of Franch politicians thought this French politicians thought this would be the case and onyl 4 per cent of Spaniards. The British, however, were not that far dis-tant in their scepticism, 44 per cent expecting special exemptions.

that the more economically backward regions will suffer.

These are some of the main regard their country as likely to findings of a poll conducted be much less prepared for 1992 among the parliamentarians in than politicians in the other lialy, Britain, France and Spain three countries influenced probable with the politicians of the probability of the by the Rome-based agency ably by Italy's evident economic Pragma. Commissioned by the success. Thus, Italy ranks itself Young Businessmen' Associa-eighth in preparedness, ahead of tions from three Italian regions, Spain, Ireland, Portugal and the poll covered 150 Italian MPs Greece. The other three rank it and 50 from each of the other between fifth and seventh with three EC countries and involved British politicians expecting Italy a series of face to face interviews. to be more prepared than their According to Pragma, this own country, which they rank towards 1992 highlights the con-trast between the Italian politi-clan's attachment to the "Euro-pean choice" as an ideological value and his general reluctance to consider the need to honour cond slot. research into political attitudes eighth against sixth for Italy. All

Veitsiluoto:

Total refit gears pulp and paper practitioner for the '90s

By Victor Thome, Helsinki

gland in the EC supermarket

With pulp and high quality paper to offer, virtually new mills and a well established presence in the markets of the EC, the US and eastwards, Finland's Veitsiluoto is approaching the coming decade with a confidence born of practical experience and proven faith in its own abilities.

structural very integration of this Finnish forest industry concern has Finland, companies like allowed it to bypass some of the problems experienced to rely almost entirely on by others more reliant on our own resources, skills services outside their and commercial activities.

At Kemi, on the it we want no hand-out northern shore of the Gulf from the national budget." of Bothnia, one of its three pulp mills is fed by river-

of Oulu, will have its two-year, £90m refit ready this summer to create an as-good-as-new facility, strengthening the company's position as Finland's a new paper machine at Oulu in the early 1990s to volumes for the optimism with which Veitsiluoto

views the future. Though state-owned, Veitsiluoto Oy is required to be every bit as self-sufficient, financially and commercially, as its Finnish counterparts with a measure of privately-held

Its straight-speaking Chairman of the Board and Managing Director, Pentti O. Rautalahti, states with some pride that what he usually describes as the organisation's metamor-phosis over the past decade, undertaken at a cost in excess of £470m, has been largely financed from Veitsiluoto's own reserves and independent loans, with no more than 4% accounted for by share capital.

"For many Europeans these days, this term state owned is regarded as synonymous with poor

Veitsiluoto Oy 94830 Kemi, Finland Tel: +358 698 814 310 Telex: 3614 vto sf Telefax: + 358 698 814 879

economic performance. Rautalahti says. "Here in ours have a responsibility And that's the way we like it: we want no hand-outs

Veitsiluoto is noted for some radical, not to say borne logs and has a paper brave, decisions made mill in the vicinity with its during the past ten years. own docks and ships hard by, all with direct access to by, all with direct access to instance, it stood as Europe's largest producer of the Raltic Europe's largest producer of maintains. "While our than the norm for the mills at least 3% more maintains. "While our than the norm for the our own docks is a significant advantage for the norm for the our own docks is a significant advantage for the norm for the our own docks is a significant advantage for the norm for the our own docks is a significant advantage for the norm for the our own docks is a significant advantage for the norm for the norm for the our own docks is a significant advantage for the norm fo

turnover. Says Rautalahti: "From what we could gather from creation our experience of the largest pulp producer. That our experience of the undertaking, along with a European and world scene £120m-plus expenditure on on pulp and paper, coupled with our own market research, it seemed clear complement it, represents that any worthwhile an investment that speaks growth would lie less in the newsprint sector than in coated and fine papers.

"Still, getting out of newsprint meant taking a big risk. But you get nowhere if you're not prepared to take calculated risks in business.
"We decided, instead, to

concentrate our skills and efforts, financial and R&D resources, on that side of the business in which we had already made our mark with consistently high quality products with solid names: in brand publication papers and various grades for copying, peak efficiency as much as stationery, offset, gravure and the like.

"Looking back, it's perhaps the best decision we ever made - that and the total renovation and updating of our entire holding of pulp and paper manufacturing facilities."

stress on conducting its own research and development rather than relying good reason.

"We've developed qualities and grades of years, we've invested 18% customer confidence. This consistent quality. paper that very much of our total sales income in is where satisfy the needs of R&D, which has included integrated



products might well fit into industry in Finland."

MWC or LWC categories, Today, the com facturing segment that MWC or LWC categories, Today, the company's us. When you're dealing accounted for as much as it's their specific nature quality papers and pulp, with pulp and papers of half the company's that has given them a firm which incorporates those finer grades, ensuring they foothold in the market.

"The EC forms trees north these special our largest qualities very much the export sales result of makarea" ing our own

decisions. solving technical problems in our own way and keeping all our R&D in-

"The energy we have devoted to technological research has really paid off. Finnish pulp and paper mills on the whole are well in advance of those elsewhere in the world in the harnessing of advanced technology and in productivity. As we are comparatively small in global terms, we've had to compete with quality, delivery and reliability — which meant reliability possible.

"Veitsiluoto is not a it's small fish in Finland's pool of forest industries. Our production capacity for paper is around 600,000 tonnes a year, for pulp 800,000 tonnes a year, half a million tonnes of that Veitsiluoto lays great being market pulp, which puts us among the leaders. But when it comes to R&D, we earmark more of our on outside institutions. For turnover than the average company in the field.

"Taken over the past 25

long, thin fibres from the arrive at the customer's

Finland, enjoy throughout the

purchasing more than 50%

their brand names than that of their maker or related activities, the mill...Paper names like company's strategy for the LumiNova, LumiData, foreseeable future does not LumiWrite, LumiPrint, preclude such a move. LumiOffset, LumiCopy and Blade, and such pulp names as LumiPine, LumiBirch, LapponiaPine, LapponiaBirch, OuluPine and OuluBirch.

Turning out the right is where the company's

slow-growing premises with the mini-trees in the mum of damage or loss of premises with the miniof quality in transit is a critical factor. Our stevean enviable dores and everyone else brand status handling the products and loyalty know this, and that helps."

Veitsiluoto's European Community - its sufficiency covers wood-largest export market, processing chemicals as well. As a group, its range of the total output — of activities also en-Finland (almost 20%), compasses shipping (it has EFTA (7%), Comecon four vessels with a (principally the Soviet combined 44,200 dwt), Union, with a little less than 6%) and elsewhere.

As it happens, Veitsi-luoto's products are definite plans exist for probably better known by expansion in Western Europe in sheet-cutting or foreseeable future does not

Pentti Rautalahti comwhich meant running at the single-coated, soft cal-peak efficiency as much as endered lightweight Lumi-together form our largest export sales area and offer the most growth potential in the 1990s. In fact, we see Europe as our home market for the future.

"We have quality, consistently, is one productive pulp and paper factor contributing to mills that are as good as making and keeping a new: three up-to-the-market. Given that the minute pulp mills and four price is competitive, deliv- completely renovated paper ery on time and with the machines, with another on minimum of damage, along the way for fine paper with efficient back-up manufacture in the early service, counts for a great 1990s. And we have a good deal in maintaining reputation for service and

> "We feel able to face the structure future with confidence.

A series of protests is being ernment would be spoilt if the planned, with the first due to visits went ahead, he added. Portuguese doctors go on strike

AN UNPRECEDENTED weekof Doctors, Portugal's medical tors' pay to be docked if they
long strike by Portuguese association, in their battle prescribe whatever the ministry
national health doctor is causnational bealth do ing chaos in hospitals, embarassment for the Government, and
growing controversy over Ms
Leonor Beleza, a health minister
Leonor Beleza, a health minister

Her relations with state hospitals are the order of Doctors by the whose abrasive personal style the country's medical care, are at recalls that of her UK counter a low point. She brands them leaders say her intransigence

voted to withhold all but minimal rise for six years. emergency services this week include the large Independent Medical Union. Eighty per cent of the union's members voted for sively to the health service for rounded by incompetents ignothe ruling Social Democrats four years without secure tenure rant of how hospitals work. Ms

They are backed by the Order

over-privileged. They counter by hampers any solution. Hospital Part Mrs Edwina Currie. over-privileged. They counter by hampers any solution. Hospital The doctors' unions which saying they have not had a pay nurses and other workers are

Hostilities reached a head action.

when Ms Beleza proposed to the general hospital doctors exclusis not only hostile but sur-

The minister also wants doc- an inefficient system.

Malta nuclear objection

over UK Royal Navy visit

MALTA'S opposition Labour take place outside the British

MALTA'S opposition Labour Party, led by Dr Carmelo Mifsud Bonnici, is objecting to the planned visit by four British Royal Navy warships later this month.

The objections revolve round the claim that some of the visiting warships, including Ark Royal, Edinburgh and two support ships. Fort Grange and Fort

port ships, Fort Grange and Fort said the British Government Austin, may be carrying nuclear risked provoking a reaction by weapons which could cause Labour Party supporters. The

unnecessary risks for the Mal-tese. Healthy relations built with Britain when Labour was in gov-

now threatening to join future

Beleza insists she is rationalising

China hit by hi-tech staff poaching

A DISPUTE between China's best equipment, faces court action folequipment is said to have been known high-technology company lowing claims by the China Printapproved by government ministance and a state-run research institute ing Science and Technology ters for national use.

Technology ters for national use.

Wan, an engineering graduate and a state-run research institute ing Science and Technology over the alleged poaching of Research Institute that two researchers and their work is senior researchers and their research were unlawfully which is certain to be awkward for the Government regardless of the fast-growing non-state

The institute was commissioned by government approved by government thinstown terms for national use. Stone said yesterday that "we research were unlawfully which is certain to be awkward for the Government regardless of the outcome and will also test the

The conflict has arisen in a to design advanced printing techbudding "Silicon Valley" to the nology and then assigned the north-west of Peking, where design work to the two research-about 150 technology corpora-ers, who accepted jobs at the tions have opened in an area Stone Corporation in late 1986, renowned for its universities and when the research was allegedly institutes, and now designated by the Government as the front line of China's high-tech developinvested almost \$5m of state

But the most successful of those technology companies, the Stone tute and Stone announced the development of apparently similar but and stone announced the development of apparently similar systems. Stone Corporation, lauded by the official media as a model for non-cial media as a model for non-state enterprises and already exporting sophisticated printer the and stone announced the days after the foundation of apparently simi-development of apparently simi-wan Runnan, was featured on lar printing systems. Stone the cover of Outlook, the Chinese claimed exclusive rights to the equivalent of Time magazine, and exporting sophisticated printer

tising executive and usually com-

mutes every day from his R21,000

office in the plush white suburb of Sandton, less than 5km but worlds apart in life-style.

is serious about edging towards a power-sharing democracy. Compared to millions of ordi-

nary workers who can ill-afford

the loss of three days' pay and who face the agonising risk of losing their jobs, Mr Dlamini con-siders himself fortunate.

Last week he talked to his fel-

may still participate.
The PPP refused to take part in

the non-party elections of 1985 but this time Ms Bhutto believes

they can no longer afford to leave

the field open to Gen Zia.
"If elections are held, though

not the type we want, we will be in the embarrassing position that Zia's administration was put in over Afghanistan," she said in

The institute was commissioned by the Ministry of Culture

Black, rich and torn between

two South African worlds

BY ANTHONY ROBINSON IN JOHANNESBURG

MR PHILIP DLAMINI (not his tion Board, sick at heart with their lives," he says. "If I lose my

deny them the right to live or

She is angry with a Govern-ment which imposes such humili-

came from Botswana, although

she was born in "Alex". To be black and middle class

she says, "is to be caught in the

own people view us with suspi-cion; on the other, the Govern-

ment just does not notice the

existence of people like us who want to better our lives."

weekends, slipped out of the

township to go to his office in the

afternoon for an important pre-

sentation to clients, despite have

is not as simple as that.

"If they don't go to work they reservations, reflects deep black mrs Dlamini left her former job really risk losing their job. But if with the West Rand Administratively go to work they risk losing cal rights and white insensitivity.

Bhutto may enter poll 'on Zia's terms'

She added, however, that non-party elections are no solution of Democracy (MRD), an for Pakistan's problems. "Pakis-umbrella organisation of nine

tan has been plunged deeper and opposition parties, of which the deeper into a crisis. We can-PPP is the largest member, has

not . . . go on experimenting announced, after a stormy three-with non-party elections or emer- day session, that they will work

Despite the President's oft- for elections.

stated dislike of parties, which he has described as a "Western

over Afghanistan," she said in Islamabad. "He kept saying the Soviets must go, but, once they were going, he was almost in the last described as a "Western elections, the MRD consists of right-wing, socialist and religious parties, and has rarely met without the last described as a "Western elections, the MRD consists of right-wing, socialist and religious parties, and has rarely met without the last described as a "Western elections, the MRD consists of right-wing, socialist and religious parties, and has rarely met without the last described as a "Western elections, the MRD consists of right-wing, socialist and religious parties, and has rarely met with-

There are two and

Two and half reasons,

why you may well come

to consider it one of the

ALICKLAND. BANCKOK, BEVERLY HILLS CHICAGO, FIR. HONG KONG, KUALA LUMPUR, MELBOURNE, NEW YORK OKINAWA, SYDNEY, TAPPEL

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COMPLETELY OUTNUMBERED.

Hong Kong.

Mr Dlamini, who often works

real name) is black, middle-class having to deal with the suffering and, like millions of other black caused to black people by the

workers, decided to stay away tangled maze of racist laws that

(\$7,000) home in the smartest sections and says she would like to tion of Alexandra township to his leave South Africa. Her father

He is the kind of person Presented in the toria needs to get on its side if it middle. On the one hand, our toria needs to get on its side if it middle. On the one hand, our torial needs to get on its side if it middle.

low black employees at one of been forced by management to South Africa's largest advertising take leave. He feels angry that companies and they all decided the white management do not to stay away, thereby losing understand the pressures which

three days of their annual leave.

The key factor in his decision way virtually obligatory.

Was concern for the safety of his

He has mixed feelings about

was concern for the safety of his wife and two children. The situation in the township is so vola-

tile that being seen to go to work improve the bargaining power

could single you out even for the settling of personal scores."

His wife, Mrs Lucky Dlamini, a mate channel for facing up to the

social worker, also decided to white power structure.
stay away and not to take her
five-year-old daughter to her priunion leaderships treat often illit-

vate, multi-racial school.

Stated baidly thus, it would be easy to conclude that the Diamini

Those most at risk are in small

family has been co-opted into the companies with a couple of white

system, putting their personal managers, a handful of Indians concerns before "the struggle". It and half a dozen black workers.

He has a good job as an adver- work where they wanted.

depth of intellectual property rights. If Stone wins, poorly-paid specialists at universities will be more tempted to accept the better policy of encouraging such com-panies will be badly bruised.

The announcement of the case brought in the Intermediate People's Court - no hearing date has been set - comes only a few days after the founder of Stone,

job there are plenty of companies who would snap up my skills and besides, training my successor

would cost time and money."

Ms Maud Motanyane, editor of

Tribute, a glossy, monthly maga-zine whose advertisements, black

society column and often hard-hitting political and social fea-

tures mirror rising black aspirations and concerns, agrees that it is the cleaner, the typist and the ordinary assembly line worker

who are more exposed than mid-dle-class blacks.

But she emphasises: "The fact that you have a job does not

mean that you are exempted from apartheid. You are still

exposed to the Group Areas Act,

you can still be humiliated in a

restaurant, you are continually reminded of our apartheid soci-ety. The strain and the schizo-

phrenia comes from continually

Meanwhile many of the thou-sands of blacks who did turn up

for work yesterday avoided

returning at night to the town-ship by cramming into the tiny

rooms of maids or gardeners in

Others stayed with the many black people who now live, in

defiance of the Group Areas Act,

in de facto mixed areas such as

Johannesburg's Hillbrow. Ironically it is apartheid, by

forcing blacks to live in township ghettoes, which ensures the effec-

ence to a protest which, despite reservations, reflects deep black

day session, that they will work

together to demand a firm date

Formed in 1981 to press for

white people's back gardens.

living between two worlds."

"Silicon Valley entrepreneurs.
Wan, an engineering graduate forced to work on the railways during the Cultural Revolution two decades ago, founded the col-lective company four years ago, and, with the blessing of the Communist Party, it has grown from seven staff to 700, and expects a turnover this year of

salaries and conditions of collective or private companies, but if the institute is successful, the image. . the reformer. Stone "We are devoted to a cause. image. . . the reformer. Stone brings higher efficiency as well as a corporate culture. Wan explains in a glossy brochure obviously aimed at convincing government reformers that the company is just what the new China needs. (Stone is the official English name, though in Chinese, it is Sitong, an abbreviated form of the saying "expand in all

Debtor countries disagree on cartel move

By Richard Gourley in Manila

FOURTEEN countries, which together account for \$254bn or a fifth of developing country debt, have backed away from setting up a debtors' cartel because they disagree over how strongly they should confront their creditors. Delegates from these debtor countries, including Brazil Argentina, the Philippines and Peru, instead noted after a conference of newly restored democ-racies in Manila, that servicing

debt should be "compatible" with "the responsibility of promoting development".

The conference was organised by the Philippines for countries which have restored democracy within the last 15 years to discuss the problems they have faced during their transitional periods. Mr Vicente Jayme, the Philip-pine finance secretary, said that the lack of "adequate responses" from creditor countries, multilat-eral institutions and banks is forcing debtor countries "to exam-

ne more radical options".

Singapore frees lawyer to stand in elections

By Roger Metthews in

THE SINGAPORE Government has imposed a one-year deten-tion order on Mr Francis Seow, a former Solicitor General who is accused of subversive contacts with US diplomats, but has said it will release him from prison to run as a candidate at the next general elec-

Mr Seow is at the centre of a diplomatic row between Singa-pore and the US. He is alleged to have sought the promise of asylum in the US if his attempt to become a member of parlia-ment ran into problems.

Mr Mason Hendrickson, an American diplomat who had met Mr Seow on several occa-sions, was ordered to leave Singapore a month ago for allegedly encouraging the Singapore lawyer and other professionals to run as candi-dates in the next election.

Mr Hendrickson is claimed to have said that money should not be a problem for the group, a comment which provoked speculation among some ministers that US government funds were being channelled into mounting an opposition challenge.

However, following interrogation of Mr Seow who was arrested a month ago and can be held indefinitely without trial, the Government said that it had no proof Mr Seow had received US government funds to pay his debts. Details of his financial affairs were

made public at the weekend. The Government said that Mr Seow's release from prison will be conditional on him not associating with foreign diplo-mats and not travelling abroad without the permission of the Internal Security Department. Mr Lee Kuan Yew, the Prime Minister, suggested to the US last week that an independent tribunal should be set up to assess whether American diplomats had been interfering in Singapore's domestic politics.

The main opposition to a debt-ors' cartel came from Brazil. Shamir and Shevardnadze to hold New York talks

BY OUR MIDDLE EAST STAFF

tiveness of peer group pressures mier, meets Mr Eduard Shevard- ter.

Mr Shamir announced the meeting with Mr Shevardnadze yesterday just before leaving for the US and will be the highestlevel contact since Mr Mikhail Gorbachev took power in Moscow three years ago. Diplomatic relations were broken off in 1967 fol-"His protection and his armour lowing the June War.

MS BENAZIR BHUTTO, leader of Pakistan's Opposition People's Party (PPP) has said that if President Zia goes ahead with elections but bans parties the PPP with the policy of the property of t We have a lot to say to each other Our discussions will focus on the attitude of the Soviet Union towards regional issues, including Israel and the Middle East, the lack of normal relations between us and the Soviet Union and the problem of the Soviet

> Yet their exchanges could be abrasive because of the deep differences over approaches to a-Middle East peace negotiations mented that he did not see that and, in particular, the proposal the documenty showed any for an international peace confer-

> THE rapprochement between the ence as the framework for them, Soviet Union and Israel may which is supported by the US, the move a stage further when Mr Arab world, and even Mr Shimon Yitzhak Shamir, the Israel Pre-Peres, the Israeli Foreign Minis-

Once again last week Mr and intimidation.

It also ensures massive adherence to a protest which, despite

In adze, the Soviet Foreign Minister, in New York during a special Shamir rejected the formula.

"Let's be sober and open-eyed." Our fate and future will not be determined or decided in Washington or Moscow but Jerusa-

The Israeli Premier regards a Middle East conference as part of a plot to force Israel to withdraw from the occupied West Bank and Gaza Strip, both of which he and the rest of Likud blic in the coalition government insist will be under Israeli sovereignty for

Nevertheless, a Soviet document published a fortnight ago in the Israeli newspaper Maariv and presumed to have been leaked by Mr Peres's aides said that none o the participants in a peace conference "has the right to impose decisions on other participants". Mr Shamir subsequently com-

change in Moscow's policies.

Shultz says Palestinian

an independent Palestinian state, Mr Shultz said: "Personally I there are opportunities being think that is unworkable and I missed."
would not think that is necessary to provide a good political out-

a country on the West Bank and

Mr Shultz, paying his fourth visit to the Middle East to pro-mote US proposals to end the Arab-Israeli conflict, held three hours of talks with Mr Assad before leaving to return to Cairo. On the future of the Palestinians, he told the broadcasters: "I

unworkable, Reuter reports from state or states.

Jerusalem. "That's more workable. But He was speaking to international that does not lessen the fact that tional television networks and you have more control over the radio stations before meeting conditions in which you live."

pessimistic about the success of his mission. Before arriving in Syria, he admitted that there had been no breakthrough on the US initiative.

His tour comes just before Arab leaders meet in Algiersto

school, a witness said.

French awarded FFr 3bn Saudi defence contract

THE FRENCH arms industry has won an order worth about FFr 3bn (£288m) from Saudi Arabia for helicopters equipped with Exocet missiles and patrol vessels for coastal defence.

The helicopters will be armed with Exocet missiles manufactured by Aerospatiale. There were no indications on how many patrol ships France would sup-

The French state arms export The order is welcome for the company, Societe Francaise d'Ex-portation de Systemes d'Arme-French arms industry which has suffered a decline in large ments (Sofresa), confirmed the order had been signed, but defence export contracts in

The new order is understood to include about 12 Super Puma telicopters manufactured to the new order is contracts in recent years, especially from its Middle East customers.

But the new order is contracts in recent years, especially from its middle East customers. helicopters manufactured by smaller than the previous two Aerospatiale, the French state major Saudi Arabian contracts

trade pact 'infringement' THE US yesterday delivered a protest to Israel over alleged naily taken up by the European Israeli infringement of a bilateral Community to secure the abolities Trade Agreement. The comtion of a controversial import

plaint came on the eve of this week's six-monthly review of the three-year-old pact. Andrew Whitley reports from Jerusalem. Mr Thomas Pickering. US Ambassador, presented a letter to Mr Ariel Sharon, the Trade and Industry Minister, complaining about Israel's adoption of "artificial steps and arbitrary taxes" designed to make imports more expensive.

The Minister reportedly levy known as the tama tax, as well as a purchase tax which discriminates against imported finished goods.

In Brussels last month, Mr Shimon Peres, the Foreign minister assured EC Ministers he would work for the abolition of tama—an import price equalisation scheme—as early as possible.

This is seen as a prerequisite for the ratification by the European parliament of a blocked

plaint came on the eve of this levy known as the tama tax, as

reacted angrily, saying he would agricultural trade protocol with not permit the US to exert economic pressure on Israel. It was his duty to protect Israeli manuchants of a blocked agricultural trade protocol with large. However, the approach of general elections reduces the chances of any solution before

ABB, Rolls-Royce to link

up in gas turbine venture

ABB, the Swedish-Swiss electrical engineering group, and which last year merged with Rolls-Royce of the UK are to col-Asea of Sweden to form ABB, the laborate in developing industrial world's biggest electrical engiges turbines, William Dullforce reports from Geneva.

ABB paid Westinghouse Elec-

Under a 15-year agreement igned in Amsterdam, Rolls Royce will apply on a contract basis its aerodynamic technology, acquired in the production of jet engines, to Brown Boveri's largescale compressors and turbines.

neering group.

ABB paid Westinghouse Electric \$500m (£277m) in April to establish two joint ventures in the US. One will make and market steam turbines and generators for power plants. agreement

The Rolls-Royce aims to strengthen scale compressors and turbines.

The agreement allows for joint the market for power generation marketing at a later stage, equipment.

Tokyo shares F16 deal

JAPANESE defence contractors and procurement contracts, last will take charge of most of a joint week, the agency said. US-Japan project to design an advanced jet fighter based on the McDonnell-Douglas Corp MD F-16 aircraft, the Japanese Defence Agency said, Reuter reports from

Mr Frank Carlucci, US Defence Secretary and Mr Tsutomu

Japanese companies would

manage about 60 per cent of the project, including radar and other electronic devices, while US groups will focus on the engines as subcontractors

The fighter, codenamed FSX, is Kawara, Defence Agency director expected to feature advanced aviagreed on the project, worth onics and the latest weapons about \$6.5bn (£3.6bn) in design systems.

won by the French defence indus-

These included the FFr 11bn contract in 1980 for the Saudi Arabian navy followed in 1984 by the FFr 30bn deal to supply an anti-aircraft defence system. Prance had lost out to the UK in 1986 for a Saudi Arabian combat aircraft contract.

France is also competing against the UK. Sweden, Italy, West Germany and the Nether-lands, for a big Saudi Arabian submarine order.

Takeshita to US protests to Israel over seek closer ties with

Brussels

By William Dawkins in Brussels MR NOBORU Takeshita, the MR NOBORU Tracesnics, the Japanese Prime Minister, is expected to press for closer economic and diplomatic cooperation with the European Community at his first meeting today with Mr Jacques Delors, President of the European Commission.

pean Commission. Japanese officials stress that the main purpose of the discussion, which takes place in Brussels on the last leg of Mr Takeshita's European tour, is to explain the importance Tokyo places on improving economic ties with Europe to balance its links with the

weakening economic power of the US. Mr Takeshita will also be aiming to prepare some com-mon ground with the Commis-sion President for the Toronto summit of Western leaders in

Underlying today's talks will be the growing trade tensions between the EC and Japan. These were underlined only 10 days ago by the Commission's decident to also are in the commission's decision to slep anti-dumping duties on \$1.3bn-worth of printers, followed last week by the opening of an anti-dump-ing inquiry into earth-moving vehicles. imported Japanese computer

After talks between the Japanese leader and Mr Delors, the meeting will be joined by Mr Willy De Clercq, European Commissioner for external trade, who wants to discuss several specific problems, including Tokyo's partial decias demanded by a General Agreement on Tariffs and

Trade disputes panel. Other subjects on the Commission's mind are the recent Japanese agreement giving the US access to big public works projects and allegedly discriminatory local car taxes.

Air travel curbs ripe for inclusion in Uruguay Round

SINGAPORE Airlines is by common consent an airline on which businessmen like to fly. But you cannot pick it up for a journey from Chicago to Miami.

British Airways likes to call itself "the world's favourite air-line", but, even if it wanted to, it would not be allowed to fly between Rome and Tunis. Except for Scandinavian Airlines, almost no multinational companies operate in international air transport.

These are all illustrations of the restrictive nature of the international air travel business sector ripe for inclusion in the current Uruguay Round of multilateral talks on liberalisation of

trade in services.

Yet, it will be a difficult one to tackle – for reasons that could have a bearing on the overall out-come of the entire negotiation.

So far, the Uruguay Round debate on trade in services has been mainly driven by sectors such as banking, insurance and accountancy, lobbying hard for liberalisation as a means of pris-ing open access to foreign mar-kets.

Debate has concentrated on finding ways in which traditional Gatt rules on trade in goods can be applied multilaterally to these types of services. Suddenly, the International

Civil Aviation Organisation (ICAO), the Montreal-based body which governs air transport, has thrown a spanner in the works. In a deposition to the Gatt, it has in a deposition to the Gatt, it has shown that what many had begun to assume should be standard criteria for liberalising trade in services cannot easily be applied to this sector.

By some accounts, to do so would require rewriting hasic

would require rewriting basic principles on which air transport has operated for the past 44 years, a task that would in turn involve negotiation potentially as complex as the Uruguay Round.

The ICAO is not itself inherently hostile to liberalisation.

Enshrined in its charter is the to their own national airlines. legal principle that countries are entitled to regard the airspace above them as part of their sovereign territory.

Over the years, its 158 members have negotiated more than 1,800 bilateral air service agreements, covering fares, route destinations, and designating air-lines that may operate them. A common provision of such agreements, "is that the desig-nated airlines of each party must

Suddenly, the International Civil Aviation Organisation has thrown a spanner in the works, Peter Montagnon reports

be substantially owned and effectively controlled by that party or its nationals".

This reveals two important obstacles to liberalisation along the lines being discussed by Gatt. If the airspace above a country is sovereign territory, that country has a legal right to deny market access to other-country nationals.

If designated carriers have to be owned by one or other of the signatories to a bilateral air sersignatories to a miximum on vices agreement, third country

airlines are a priori prevented from exploiting the route. In other words, there can be no free international competition. A revealing part of the ICAO's paper discusses some concepts Gatt is trying to apply to trade in services. These do not mesh with its own intricate structure.

Take the core concept of most-favoured-nation treatment under which a trade concession made to one country — which in the case of air transport would be the of air transport would be right to fly a particular route — has to be available to everybody else. This concept does not appear in the Chicago Conven-tion which forms the ICAO char-

A multilateral approach to regulating international air transport was tried when the Chicago Convention was under discussion in 1944, the paper explains, but was blocked by Britain and smaller countries worried about the implicit threat agreement tional transport was true was entered agreement tional transport was true was true agreement tional transport was true was true agreement tional transport was true agreement tional transport was true was true agreement tional transport was true agreement to true agreement tional transport was true agreement to true agre

Now, multilateralism "in the sense of a multilateral exchange of rights, and for governing capacity and tariffs, is no longer

under active consideration". All this is a headache for international trade negotiators trying to establish a framework argreement of principles for liberalising trade in services that could be applied generally to all relevant sectors. Ideally, such a frame-work should include language that could be made to apply to

the airline sector. One option might be to include language calling for gradual lib-eralisation through increased competition - a theme on which the Chicacgo Convention is silent. Another might be to allow air transport to be one sector excluded from the general frame-

work on services.

Airlines have shown little interest in the Gatt talks, but agreement in Gatt to ignore the industry might be hard to reach. since some large airlines would almost certainly be reluctant to forego the chance of a lever to prise open the potentially lucra-tive US domestic market.

The European Community's difficulty in liberalising its own internal regime ahead of the sin-gle market in 1992 was again highlighted last week with the complaint by Aer Lingus over Italy's refusal to allow it to fly to Milan via Manchester.

Some countries have begun to favour increased competition, but, according to the ICAO, many other states continue to view air transport in terms of a public utility role and to regard their national airline as a neces-

sity for national development". How to reconcile this view with the broader desire to liberal-ise trade in services has emerged as a new challenge for the Gatt.

Gatt negotiators know an agreement to liberalise interna-tional trade in services failing to cover a sector as large as air transport would hardly be the breakthrough they have been

a regent®international hotel

state is 'unworkable' MR GEORGE SHULTZ, the US think it's much more workable to Secretary of State, yesterday dis-think of a grouping of people that missed the idea of setting up an has a relationship, a confedera-independent Palestinian state as tion or an attachment, to another

"It just does not make any sense to me to think there could be a workable state that was like

President Hafez al-Assad of Syria to discuss Middle East peace East was becoming increasingly dangerous, he said, adding: "There are very difficult prob-lems don't go away and we feel

Mr Shultz, who earlier had talks with leaders in Egypt, Jor-dan and Israel on the US peace plan, has sounded increasingly

day to discuss ways to support the six-month Palestinian upris-ing in the Israeli-occupied West Bank and Gaza strip.

West Bank schools open

THOUSANDS of Palestinian teenagers returned to classes yesterday for the first time since Israel shut all schools in the West Bank during the height of the uprising four months ago, AP reports from Jerusalem. Pupils threw stones at soldiers outside one

The military, meanwhile, said the army was experimenting with an aluminum bullet for use to quell violent demonstrations. The Israeli newspaper Haaretz said the bullet was lighter than a steel bullet and designed to What its paper shows, is that its travel slower and be less apt to structure and philosophy would penetrate skin when fired from a make such a process very diffi0Ser

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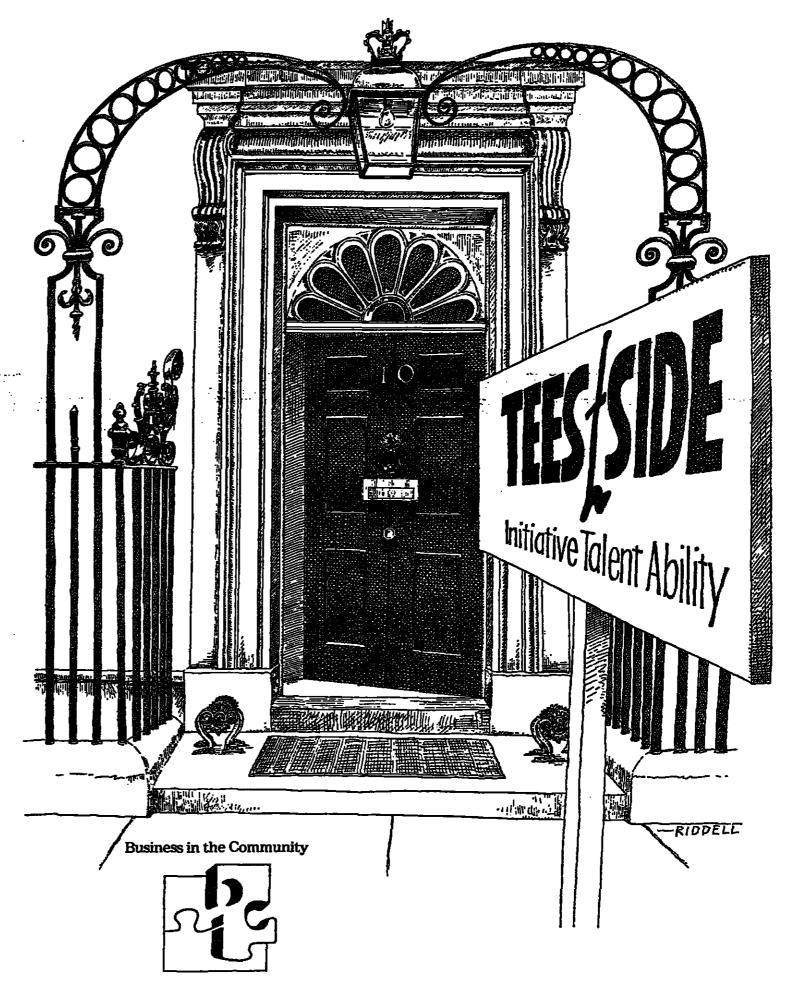
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TESSIDE ATN:10

Teesdale – Another Teesside Initiative

Last night over a hundred top industrialists and businessmen went to Number Ten Downing Street. At a reception organised through Business in the Community they heard the Prime Minister announce Teesside's latest initiative in its drive for renewal. The Teesdale Initiative - a multi-million-pound project to bring new life to both banks of the Tees. New business facilities, new homes, new specialist shops, new leisure opportunities, new roads - new jobs. An imaginative partnership between the Teesside Development Corporation, Murray International and a consortium of developers and financial institutions. The Teesdale Initiative - generating a £110 million investment opportunity. Starting in July. Another Teesside Initiative to join the compelling range of initiatives that the Development Corporation has launched during the past nine months - and in which the private sector is an enthusiastic participant. 'A Marina and Much More' at Hartlepool. The Tees Offshore Base, a world centre for subocean technology. The redevelopment of Stockton racecourse as a major sports, leisure and retail complex. The partnership with British Urban Development to create the European Chemical



'We are setting out once again to be ahead of our time...
...where you have initiative, talent and ability, the money follows:

The Rt Hon Margaret Thatcher, Prime Minister, Teesside, 16 September 1987



Front-runners face last US primary tests

BY LIONEL BARBER IN WASHINGTON

THE FINAL round of US presidential primary elections will in California over the past year, open today with both the Repubwinning support on environmen-lican and Democratic outcomes tal and energy issues such as looking like foregone conclu-

Governor Michael Dukakis of Massachusetts is aiming for big wins in delegate-rich California. and New Jersey to wrap up the Democratic presidential nomina-tion. Vice-President George Bush is certain to be the Republican

Mr Dukakis already has about

November presidential election.

Mr Dukakis has worked hard nuclear power and proposals to expand off-shore oil drilling. Last week, however, he cut his campaign short after his wife, Kitty, had to undergo surgery on her

Mr Trokakis's absence allowe

his sole remaining rival for the Democratic nomination, the Rev Jesse Jackson, to step back into the limelight after a series of big 1,800 of the 2,081 delegates needed losses in primaries. Mr Jackson is to win the nomination at the spending \$700,000 on television Democratic convention in commercials, including a half-Atlanta next month. Some 466 hour TV show of his own in Calif-Atlanta next month. Some 466 hour TV show of his own in Califdelegates are at stake today in California, New Jersey. New Mexico and Montana.

The focus is likely to be on how Mr Bush and Mr Dukakis seep Mr Jackson sweet if the latter is not, as expected, to be offered the Democould prove a pivotal state in the November presidential election.

Mr Bush has also been taking a breather this not making a breather this not m

breather this past week, spending Some political strategists say it time at his summer home at Kenwill be difficult for Mr Dukakis, a nebunkport, Maine. One motive was to confer with advisers, less north-eastern state, to capture publicised was the matter of

Cancer surgery for Duarte today

THERE ARE increasing signs new initiatives.

that Venezuela's economy is Members of the president's rul-

that Venezuela's economy is heading for serious problems over the next 12 to 18 months. Hence there is sharp pressure on President Jaime Lusinchi, with only eight months left in office, to act.

Hence there is sharp pressure on President Jaime Lusinchi, with only eight months left in office, is ed labour is pressing for wage benefits to offset the 40 per cent inflation last year.

Venezuelan business is worried inflation last year.

Venezuelan business is worried inflation last year.

The country has suffered a dra-

that no big economic decisions The country has suffered a dra-will be made to ameliorate the matic decline in its foreign cur-

Duarte of hi Saivador in an attempt to slow the spread of what may become a fatal cancer.

Mr Duarte was admitted last Tuesday to a Washington military hospital with a bleeding stomach ulcer of which he had begun to complain 10 days before. This was diagnosed as a cancer of the stomach which is reported to have spread to the lungs.
In private, officials are intimat-

ing that the president might live only a matter of months.

However, Mr Duarte, aged 62, is nothing if not a fighter, and he is expected to wish to exercise

A TEAM of surgeons in Washing. Well before the revelation of his with the Fall's left-wing guerriton is expected to operate today illness, he had begun to look like lass. However, much depends on President Jose Napoleon a lame-duck leader, with his whether Mr Duarte will be per cent of the 1987 harvest, is obliged to pass on the presidency attempt to slow the spread of what may become a fatal cancer.

Mr Duarte was admitted last the revelation of his with the Fall's left-wing guerriton, estimated to reach only 60 per cent of the 1987 harvest, is mainly due to a two-year drought in much of Central America.

The US Government has relied

Arena is openly advocating a

Venezuelan business fears sharp downturn

The loss of prestige by him and the party was demonstrated in the March parliamentary elections. The Christian Democrats lost their majority in the filseat parliament, being spectacularly overtaken by the right-wing group Arena. Since then, the Christian Democrats have effectively formed two wings with a presidential candidate each. Against this background, it is

inst conceivable that Mr Duarte's illness might pull his party together and generate renewed support for the Christian Democrats. It could also create a new worst coffee harvest, which could be a could be could

Against this background, it is squads, is embarrassing to the 1st conceivable that Mr Duarte's

who rely on imported raw materi-

als are worried that they will be forced to close their operations as

this government or the next tries to conserve foreign exchange reserves by restricting supply to

in an interview published this week in the Wall Street Journal.

the private sector.

move to free market economics. Mr Alfredo Cristiani, the Arena candidate for the presidential election and a big grower of cof-fee, has said that his economic programme is to "roll back the State, liberalise the economy, pri-vatise land ownership and effect radical changes in the coffee

At least a third of the economi is nothing if not a fighter, and he illness might pull his party together and generate renewed fitzgerald add from San Salvahis office as long as possible.

Presidential elections in El Salvador are due early next year.

At least a fund of the economically active population is unemble fitzgerald add from San Salvahor in the seasonal labour required for the content of the economical plants of t

closed chapter" for this govern-ment, thus perpetuating the administration's line that it does

Prospects bright for final peace accord in Nicaragua

an end to the 6%-year civil war.

After the last meeting, the government accepted most of the Contras' political conditions for laying down their arms.

Both sides have been blustering publicly for the past few days, but are now saying they expect an agreement which will mark substantial progress, if not a final armistice.

A PEACE accord by the Nicara guan government and the Contra rebels is near as the two sides enter the a fourth round of talks today.

Leaders of the Nicaraguan Resistance, the Contra umbrella organisation, are to meet government officials from today until Thursday in Managua. This will be the fourth session held in the Nicaraguan capital to negotiate an end to the 6%-year civil war.

After the last meeting, the government for the main political endar for the main political

endar for the main political actions they want in exchange for giving up their weapons. Among their demands are the separation of the ruling Sandinista party from the Niewagnan army, a private channel on the State television system and a thoroughly independent judiciary and electural commission.

However, only last week he Many would like to get rid of the said discussions about possible new talks on foreign debt were "a

rebels, says Robert Graham Contras become liability to US

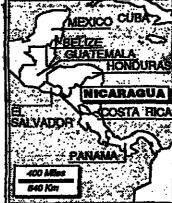
FRIENDS EVAPORATE in Washington when a cause begins to look like a loser. This syndrome is affecting the Contra rebels, President Reagan's "freedom lighters," who will arrive in Mansons tomorrow for the next agua tomorrow for the next scheduled round of peace talks the Sandinista Government in

Nicaragua.

Deeply divided, militarily emasculated by the refusal of Congress to renew aid, and constantly out-witted by the Sandinistas in propaganda and nego-tiation, the Contras have become a liability. In the final months of the Reagan Administration the Contres look like unsold stock in a showroom about to change

"Most people would like to get them off the shelf before the next administration," commented one

Only a rump of the hardline ideological right still enthusiasti-cally supports them. Such sup-port is no longer founded on the



prospect of the Contras spearheading a movement capable, as once hoped, of overthrowing the Sandinistas. The motives are more cynical and self-serving.
The Reagan administration

invented the Contres to wage war by proxy against the Sandinistas and against a broader ill-defined threat of a communist beach-head in Central America. So much of the President's personal prestige has been invested in this crusade that formal abandonment of the Contras would pro-foundly damage Mr Reagan's standing and would imply, on the logic of his own geo-strategic schema, that communism had won out.

Since the cut-off of congressio-

nal funding for "lethal" aid, the Reagan administration has

posessed only one weapon to intimidate the Sandinistas, who

because of his very public associ- resumed. ation with the Somoza National

can be extended formally or informally by at least another 30

days.
The ceasefire has worked against the Contras. The congressional ban on military aid has curtailed resupply flights by the CIA over Nicaragua. Meanwhile the Sandhistas have affectively blocked the distribution inside Nicaragua of direct humanitarian aid (\$17m approved by Congress). Leaders of the 10,000-strong Con-tra force inside Nicaragua, for their part, have been reluctant to move into recognised ceasefire zones for fear of being vulnerable

should the ceaselire break down.
As a result, at many as half of
the Contra troops have been the Comtra troops have been obliged to return to rear bases in Honduras for food, pay and supplies. Morale is reported low, and three weeks ago some of the troops virtually mutinied demanding the dismissal of Commander Bermudez. In contrast Sandinista troops have rested been resupplied and consolidated positions, especially along the Honduran frontier where, just prior to the March ceasefire, Contra forces were dealt a resjor

Thus the longer the consults holds, the more complex it will be for the Contras to resume hossuch action is likely to he among a war-weary population acclina-

tising to peace.

Demoralised and uncertain of their post-Reagan future, the Contra leadership is badly split. US officials are constantly being called to paper over the differ-ences or act as intermediaries between one faction and enother. Military men like Bermudez see little space for themselves in a Nicaragua dominated by the Sandinistas, and would prefer to fight on regardless. Other leaders like the more liberal politicism, Mr Alfredo César, favour full negotiation on the grounds that Sandinista concessions have opened a new political process. into the main negotiating spot, pushing aside the less present-able Mr Adolfo Calero, who has been the principal political figure for the past three years. Mr César is calculating that

the next US administration (Democratic or Republican) will be looking for a credible figure inside Nicaragua as a counterbalance to the Sandinistas: he wants to be that person.

However, there is little love lost between the internal oppos tion, who have stayed on inside Nicaragua at personal risk, and are genuinely anxious to end a those politicians who sweated out debilitating seven year-old con-flict: the threat of renewed mili-The former feel the Contras have tary assistance to the Contras yet to identify their constituency should the Sandinistas misbe and are wary of conceding them bave. However, the Sandinistas are leadership is acutely conscious still insisting that national seconthat half their battle has always ciliation must be with all sectors, been in Washington for the the internal opposition and the hearts and minds of Congress Contras.

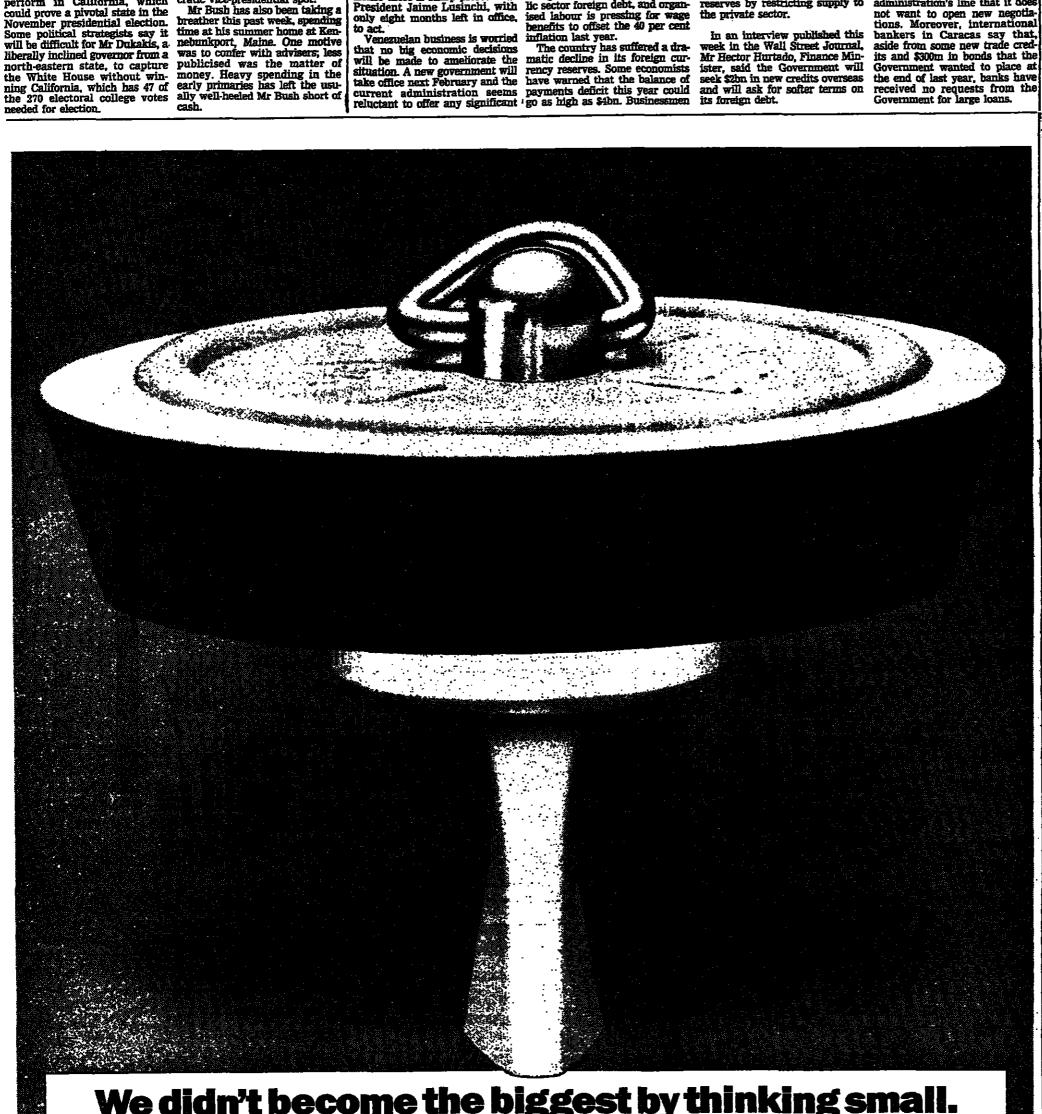
and US public opinion. On this public relations front, the Sandinistas have shown they know peace process so far that it will dinistas have shown they know peace process so far that it will cannily well how to concede be impossible to break off, or if a They have eased press restrictions, initiated a political diation, initiated a political diation, initiated a political diation of the parties of the reached. The Sandinistas will internal opposition, and have then be able to exploit the fissipators of the proposition to managua with the Contras, some

accepted direct peace talks in rous nature of the opposition to Managua with the Contras, something which President Daniel Ortega not long ago refused to condone. Again last week, in the third round of these peace talks, further concessions were forthcoming, including the promise of "free and honest elections" and a lessening of the Sandinistas' enclusive hold over the apparatus of state.

These concessions were made in the presence of the Contras' military commander, Col Enrique Bermudez, who had previously stayed away from the talks. He has been viewed in Managua as public enemy number one because of his very public association with the Songra National

Direct talks are being consid-Guard.

President Ortega's basic aim in the fourth round of talks appears to be to ensure that the 60-day ceasefire, due to expire on June I, for President Reagan to swallow.



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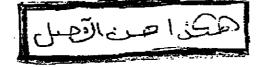
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Financial Times Tuesday June 7 1988

How do you find your bearings when the landmarks float?

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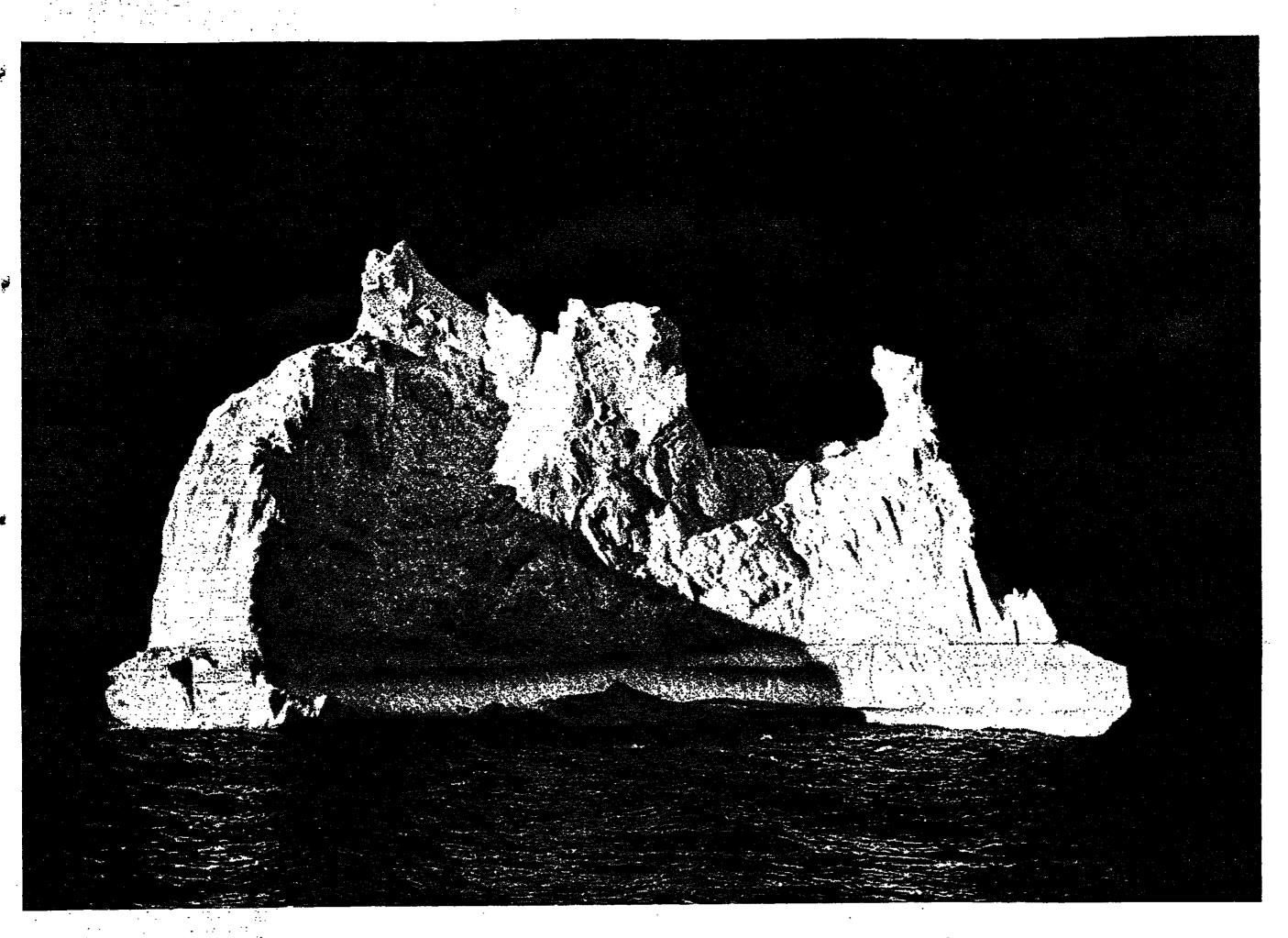
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In this world of floating interest rates and rapidly shifting foreign currency values, following yesterday's safe course could have grave impact on your ability to compete tomorrow.

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Taking the heat out of the plastic engine

David Owen finds that a Canadian company is tackling the problems of internal combustion from a different angle

fective plastic car engine has technology will work all the way acquired much of the aura up to a 40-50 hp car engine.

The Petco process, originally the alchemist's quest for the phi-losopher's stone. Certainly, the goal has often seemed equally

Hitherto, the general approach has been to experiment with non-metallic materials – such as ceramics – capable of withstanding the heat generated by the typical internal combustion engine. The problem with this is that the end product tends to be

prohibitively expensive.
Now a small Ontario company, Plastic Engine Technology (Petco), believes it may be on the path to eventual success by approaching the problem from a different angle and developing an engine that runs at a much lower temperature. This has permitted the company to consider using plastic for a larger proportion of parts than is normally contem-

Petco's intention is to introduce a 3.5 hp two-stroke engine, of the type used in lawnmowers. Up to 70 per cent of the components (measured by volume) will be made of injection-moulded

thermoplastics.
In 12 to 18 months, it expects to have developed an engine with a plastic crankshaft, says Gerald McKendry, Petco's president who co-founded the company with Leon Lilley, a racing car driver of the Moss/Fangio era.

Within about 24 months, "we will have a 100 per cent non-metal engine," McKendry adds.

THE RACE to develop a cost-ef- The company believes that its developed by Lilley about 10 years ago for the US Army Signal Corps, differs in several respects from the conventional internal

combustion engine. It combines a flat piston with a spherical dome head and a bore-to-stroke ratio which, the company claims, permits the maximum volume of fuel mixture in the combustion chamber.

The important distinction, Petco maintains, is that its engine achieves substantially complete combustion at a lowe temperature, allowing the maximum mechanical energy to be exerted on the piston and leaving no unburned fuel in the chamber. This also means that the bulk of the new engine's exhaust con-sists of carbon dioxide.

The process works as follows: Fresh fuel mixture moves from the carburettor via a proprietary crankshaft control valve and passes through a hollow crank-shaft of a venturi or tube design into a holding chamber. From here, the fuel moves through a poppet valve (timed from a rotat-ing cam on the crankshaft) into the combustion chamber for igni-tion, it is introduced at the top of the cylinder (rather than through ports at the bottom as in conven-

tional two-stroke engines). In addition to virtually complete combustion, the company points to four more advantages of the design:

the top of the cylinder, helps expel the exhaust downwards through the appropriate ports and remains largely undiluted.

The turbulence produced by introducing the fuel through the venturi in the crankshaft provides a better that the crankshaft provides a constant of the crankshaf vides a better petrol-air mixture.

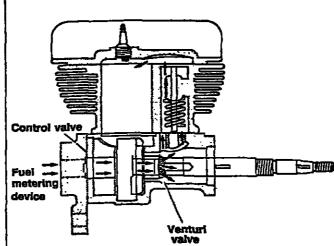
The fuel mixture is aimed

directly at the spark plug and so helps to keep it cool. Combustion occurs at a lower temperature than in a conven-tional engine because of a combination of the timing of the intake poppet valve and the location of the exhaust ports, which permits a small amount of exhaust gas to be retained in the combustion dioxide, when it combines with savings.
the fresh fuel mixture, it reduces flame temperature in the

combustion chamber and so assists in preventing detonation. In addition, the engine's flat piston results in less absorption of heat and faster dissipation through the piston, rings, cylinder wall and fins. This effect is accelerated by the use of aluminium alloys in the construction of these parts.
As a result, the company main-

only a minimal amount of light lubricating oil is required and wear and tear is reduced so that the product's life expectancy

Fuel flow within the Petco engine



Source: Petco (To protect its technology, some perts have been ornit

conventional equivalent. The In addition, he believes, Petco replacement of many machine is best advised at this stage to

The company, which has 125 employees and is based in Kingston, is marshalling its resources prior to launching a range of five small engines on to the market when its new C\$6.3m (£2.7m) production plant is completed in the

so-called "hybrid" product con-tains approximately 40 per cent range of injection-moulded plasplastic by volume.

dox internal combustion engine.

According to Petco, the engine operates at temperatures approximately 50 per cent below that of a

chamber by the upward move finished metal parts by injection tackle the Japanese-dominated ment of the piston. As the moulded plastic, also results in two-stroke market segment, leaventhus gas is mainly carbon considerable cost and weight ing the larger engine sizes two-stroke market segment, leav-ing the larger engine sizes -where US-based Briggs & Stratton tends to prevail - until it is better established. Overall, estimated world small engine sales total 35m units per year, valued at approximately \$2bn.

> The company, which anticipates a \$2.5m loss for the year ending June 30 and is now being All five engines, which range traded on the Toronto Stock in size from 1 to 2.5 hp, will be of exchange, is biding its time man-conventional design, though one utacturing 35 cc conventional dietic products on a contract basis.

The rationale behind starting But its sights are already set with conventional engines is, in on the eventual development (in is "many times" that of an ortho- McKendry's words, "to establish a joint venture) of a plastic car

WORTH WATCHING **Edited by Geoffrey Charlish**

Cheltenham takes an optical leap

THE CRELTENHAM and Gloucester Building Society in the UK is to put all its mortgage files on to optical disc and has ordered a film Megadoc system from Philips, the Netherlands-based electronics group. To date this is Philips's largest order for its Megadoc

keeps documents such as property deeds and mortgage agreements on microfilm, a method it believes has become
too slow to cope with growing
customer service.

According to Michael
Yeares, the society's organisa-

tion and methods manager, who looked at a number of other storage systems, Mega-doc "offers the best value for

"pits" on the surface of 12-inch optical discs. Staff will then be able to

ERICSSON of Sweden is

The digital system is for the National Nigerian Petroleum Company and makes use of 875km of optical fibre cabling. It extends from Lagos on the coast to Kaduna in the centre of the country, and will be used to monitor and control the oil company's pipeline net-work. It will also transmit speech, text, data and video

the value of the network, which connects 17 locations. Microwave links are used in swampy areas where cable cannot be laid. The system has a capacity of 4,000 telephone channels or their equivalent in text, pictures or data.

trols pipelines for the distribu-tion of oil, gas and refined products from production centres to refineries and distribu-

system.
At the moment the society

In the autumn, the building society will start scanning its large number of microfilm records, converting them into electronic signals that will be recorded by laser as tiny

extract any document and, in a few seconds, call it up on a workstation screen

Nigerian company goes digital

installing what is believed to be the largest private telecom-munications network in

signals. Ericsson has not revealed

The Nigerian network con-

tion points.
There is also a direct gas ink to a power station. The Ericsson system adjusts flow to the station to meet varying demand throughout the day. The Swedish company 5873 it expects similar contracts to arise worldwide and has recently won an order for a 1,500km system in Saudi

Robot reaches the parts . . .

A ROBOT intended primarily for scaling tasks in the auto-mobile industry has been launched by ASEA Brown Boveri Robotics (formerly ASEA Robotics) in Sweden.

The robot, of established articulated arm construction, has a long reach of more than 2.5 metres. This gives it easy access to an entire car body. It has a particularly slim arm, enabling it to enter a window easily in a straight line and work in confined spaces. All the signal, power and sealant lines are contained within the

> Known as the IRB 3200, the robot also has a control fea-ture that allows the amount of dispensed sealant to be kept constant, regardless of the application speed of the end of the arm along the scaling line.

The robot can always return to the same spot with an accuracy of within three milli-

Colour copies at a keystroke

MITSUBISHI, the Japanese electronics group, has launched a video processing unit which enables users of almost any screen and keyboard computer graphics sys-tem to obtain full colour paper or transparency copies of what is on the screen.

Called the B350, the unit takes the red, green and blue signals from the graphics sys-tem and converts them to instructions that allow one of the company's thermal transfer colour printers to make a

copy.

Image processing can also be carried out by the user, who can lengthen the picture along either axis, print specific sections or rotate the on-screen

A joint approach to network customers

TWO UK companies. Fibernet of Aldermaston and Elistree Computing, are joining forces to provide a service for the design and installation of opti-cal fibre and conventional

cable system.

The service is aimed at organisations planning multi-user computer networks. user computer networks. Fibernet is a UK optical fibre transmission specialist and elistree Computers, part of the John Laing construction group, a provider of cabling for IBM systems.

The two companies believe that, jointly, they will be able to provide sayings for custom.

to provide savings for custom ers through integration of their respective skills.

Dealers' new line to telex system

A TELEX system, for use in money market dealing rooms and based on personal comput-ers, is available from Business

Line of London.

Called Phoeniz, the system allows access to all the com-pany's telex lines from each dealer's existing console. Alternatively a separate PC network can be provided.

If desired, an operator at a central telex console can disbatch messages to the abbitwith transmission.

Dealers can compose talexes for transmission from their consoles, or maintain a store of easily altered, pre-written messages to suit their dealing activities.

The messages can be sent to a prepared list of regular con-tacts using a short keyboard

Work in progress on the work in progress to the screen is not seriously interrupted because when the "make cail" key is depressed, a window appears in which telex instructions can be entered. "Fail safe" arrangements mean that if any workstation fails, others will still have access to telex lines.

CONTACTS: Philips Business Systems: UK, 0206 575115. Ericsson: Sweden, 8721 6855. ASBA Brown Boveri Robotics: Sweden, 2110 8000. Mitsubishi: UK, 07052 75100. Fiber-net: UK, 07286 78122. Business Line: London, 272 0818. London, 328 0510.

Laboratories look for new connections after privatisation

THE PROSPECT of privatisation has brought uncertainty to the Central Electricity Generating Board's Marchwood Engineering Laboratories, which cele-brate their 25th anniversary this sum-

The UK Government has yet to decide what will happen to Marchwood and its sister research laboratories, Leatherhead and Berkeley, after the CEGB generating business is broken up into "Big G" (which will have 70 per cent of capacity) and "Little G", and its transmission grid handed over to 12 area distribution companies. Derek Davis, the board member for research, says the options include keeping the laboratories - which

ment organisation.

Marchwood, near Southampton, speci-alises in heavy engineering research, 60 per cent for nuclear power stations and 40 per cent for conventional generating plant. Ken Hay, who runs Marchwood, is confident that his laboratories will thrive in a privatised environment though they may have to change their emphasis. For example, there may be more work on ways to reduce fossil fuel

Hay also expects Marchwood to sell its engineering expertise to other industries. "Our mainstream business is bound to be

employ 2,000 people - within Big G, or setting up a new research and develop-would not be unhappy if 10 to 20 per cent of our work ended up in other areas." Until now, government regulations have limited the extent to which the CEGB laboratories can exploit their work outside the electricity industry. Even so, Hay concedes that "the track

record of licensing to UK manufacturers has been very poor."

An example of work at Marchwood which could be exploited elsewhere is Warrior (standing for Welding And Repair Robot in Oldbury Reactors). The robot was developed to repair corrosion damage inside the ageing Magnox reactors at Oldbury nuclear power station.

The prototype Warrior went 30 ft into a reactor earlier this year, passing down refuelling standplpes 10 inches in diameter to carry out 45 welds on the rust-cracked supports for thermocouples, which measure reactor temperature.

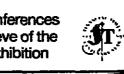
Marchwood engineers say that Warrior

will recoup its estimated £3m development costs by reducing the amount of time the two Oldbury reactors are shut down for repairs. With minor modifications, however, it could also be used in other reactors, or in plants outside the nuclear industry where repairs have to be carried out in inaccessible places.

Clive Cookson



Two important conferences to be held on the eve of the FT Centenary Exhibition



THE FINANCIAL SERVICES ACT -Legislation in Action London, 5 July 1988.

Mr David Walker Chairman Securities and Investments Bo

The Hon Francis Maude, MP Parlamentary Under Secretary of State for Corporate Affairs

Professor Charles Goodhart Norman Sosnow Professor of Banking and Finance Landon School of Economics and Political Science Former Chief Adviser to the Bank of England

Mr Robin Hutton Director General British Merchant Banking and Securities Houses Association

Sir Martin Jacomb Charman Bardays de Zoete Wedd Limited Mr Glyn Jones

Consulting Partner Financial Services Group Deloitte Haskins & Sells Mr John A Morgan

Chief Executive Investment Management Regulatory Organisation Mr Keith S Woodley

Partner Deloitle Haskins & Sells

-Nine Months After Lendon, 6 July 1988 Mr John M Hennessy Charman & Chief Executive Credit Susse First Boston Limited Vice Charman of the Board First Boston Corporation

RLACK

MONDAY

Sir George Blunden Deputy Governor Bank of England

Professor Robert Riauber
The Harvard Business School
Former Executive Director
The Bredy Commission

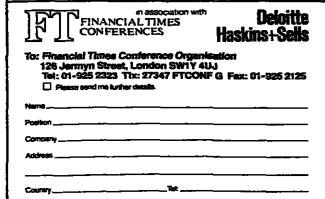
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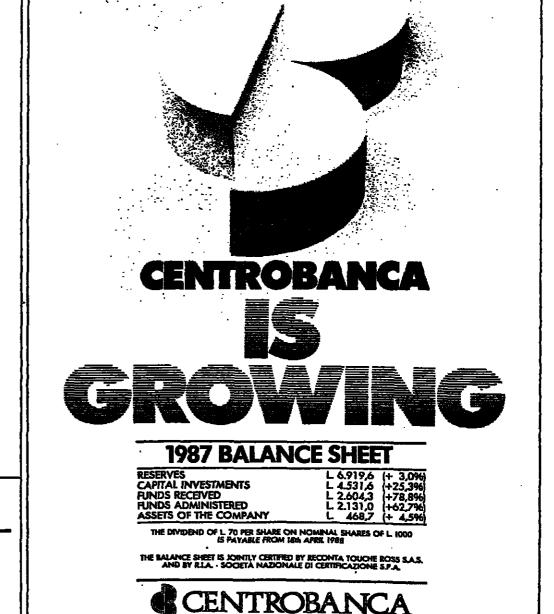
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NEW INTEREST RATE

BASE RATE

Increased by 0.5% to 8.5% per annum with effect from 7th June, 1988.





THE ENVIRONMENT The Financial Times proposes to publish a Survey or 22nd JULY 1969 rial synopsis and advertisement details S.P. DUNBAR-JOHNSON on 01-248-8000 ext 4148 en House, 10 Camos S Louden EC4P 4BY,

HEAD OFFICE MILAN - REPRESENTATIVE OFFICES: ANCONA - BARI - BOLOGNA - PRENZE - NOVARA - ROMA - VICENZA

FINANCIAL TIMES



The Siclass range consists of the SOOSE, 2005EL 420SE 420SEL, 500SE, 500SEL and 160 SEL

On the one hand, it is the most luxurious and sumptuous Mercedes-Benz in which to be driven. Sitting in the back the first thing you notice is the amount of space. There is a sense of serene calmness created by

the generous interior and plush fittings.

The Mercedes-Benz S-class.

RECLINING IN LUXURY

Two opposing points of view.

A masterpiece or ergonomic

engineering, the S-class has seats sculptured to prevent fatigue and discomfort. The rear bench stretches nearly five feet from door to door and allows for a heady 36.6 inches of headroom.

In the SE models there is enough rear legroom for a six footer to feel at ease. Imagine then, the phenomenal amount of room there is in the long wheelbase SEL versions.

Once comfortably reclined in the generous seats with the automatic air temperature control in full flow you are immersed in a feeling of total relaxation.

BIG ON CREATURE COMFORTS

*

Ĭ

The list of optional luxuries, including electrically adjustable rear seats, electric rear window roller blind, individual reading lights and an electric tilt and slide sunroof, leaves no doubt about the level of opulence that can comfortably be achieved.

There's no more comforting thought, however, than knowing the enjoyment of owning an S-class will not be spoilt by crippling depreciation. The high re-sale price of every S-class is a testament to the legendary Mercedes-Benz reputation for durability. To think of a Mercedes-Benz S-class as anything but one of the most supremely comfortable cars ever built would be very difficult.



ENGINEERED LIKE NO OTHER CAR IN THE WORLD. On the other hand, it is the most exhilarating and rewarding Mercedes-Benz to drive. Sitting behind the wheel the first thing you notice is the comprehensive driver information service. Its clear, logical

layout is the same across the entire S-class range. It is under the bonnet,

however, where the differences lie.

HIGH POWER, LOW NOISE

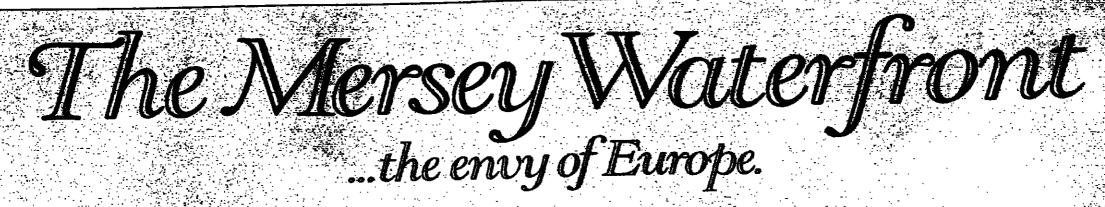
The S-class range extends to seven models, with power units from 3 litres to 5.6 litres, each capable of turning in autobahn speeds of over 130 mph. The peerless 560 SEL is a masterpiece of automotive engineering, its light alloy 5.6 litre V-8 engine smoothly powers it to 62 mph in a scant 6.9 seconds and takes it upwards to a prodigious 156 mph. No car in its class can match its performance regardless of engine size or number of cylinders. The 300 DIN/hp power output so lightly taxes the engine that it makes a barely audible murmur, even under brisk acceleration.

PIONEERING SAFETY

When its supreme combination of handling, ride and performance is added to its enviable list of safety features the S-class is unmatched by any car in the world.

Mercedes-Benz pioneered the rigid passenger safety cell and the scientific crash testing of cars. The S-class benefits from these as well as contemporary innovations such as ABS anti-lock braking, front seat belts with electronic tensioners that tighten on impact and pedals that swing away to reduce injury to the feet in a frontal collision. To think of a Mercedes-Benz S-class as anything but one of the most supremely satisfying drivers' cars ever built would be very difficult.

*Manulacturer's ligures



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Just the Mersey waterfront.

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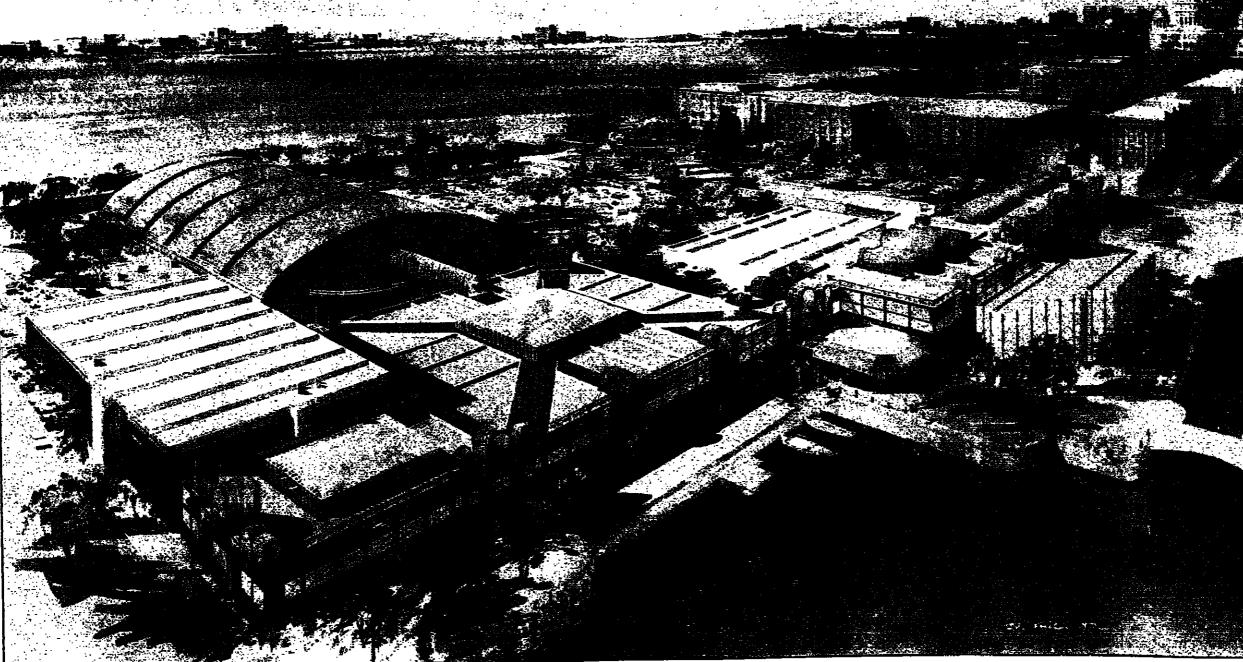
The magnificent Albert Dock Complex ... the Tate Gallery ... Brunswick Business Park ... and this year five international organisations are themselves investing a further £26 million.

But this famous waterfront still has enormous potential for investors with vision, enterprise and an appetite for success.

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UK NEWS

DATA CONFIRM ECONOMIC BUOYANCY

Retail sales up strongly as credit continues high

BRITISH consumers' appetite for higher than the same period a continuing strength of credit showed few signs of easing year before.

The continuing strength of consumer credit and retail sales in April while retail sales contin-

credit agreements rose by a sea-sonally adjusted £300m in April less than in the previous month, to £24.3bn. That compared with there is little evidence of a slowan increase of £400m in March.

Separate figures from the growth. department showed little evi- in the dence of a slowdown in retail the amount of credit outstanding sales growth. The seasonally adjusted index of retail sales volume was revised upwards in between November and January.

April to show a 0.7 west that April to show a 0.7 per cent rise compared with provisional fig-ures showing a 0.2 per cent rise. repayments, was £3.3bn in April nificantly only if the rise feeds

ued to grow strongly, according cover bank credit cards and consumer sector in the economy. to official figures published yes include agreements with retail- However, this is likely to terday.

Let the describe the fears of some indeterday.

Department of Trade and infinance houses. They exclude pendent economists that economistry figures showed the loans on bank personal accounts nomic growth is becoming unbalanced.

down in the underlying rate of In the three months to April

The consumer credit figures highlights the buoyancy of the

If consumer spending, fuelled by credit, continues to grow rapidly, it is argued, it could add to inflationary pressures and lead to

large increases in imports.
Yesterday's half a percentage
point rise in bank base rates is unlikely to have a significant effect on consumer credit which hetween November and January. is thought to be insensitive to the New credit advanced to con-cost of interest payments. Retail In the three months to April, compared with £3.4bn in March, retail sales were nearly 1% per The total for the three months to rates which would have an cent higher than the previous April was 9 per cent higher than the previous three months.

Car registrations likely to set record as May sales rise 11%

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

10.79 per cent in May, making the UK one of Europe's fastest growing volume car markets.

February and captured 32.08 per cent of the market in May in the first its market share for the first

the last two years has finally league with the Escort, Fiesta begun to slow in some European and Sierra models. markets, but UK car registrations continue to rise strongly. Last new car market has continued to month they rose to 185,422 units fall despite a three-month lowfrom 167,357 a year earlier, the cost financing promotion it is highest May sales since 1979 running for the Metro.

For the first five months UK from 15.57 per cent a year earlier its market share to 3.11 per cent new car sales rose by 10.36 per despite a modest increase of 4.7 from 2.09 per cent.

Cent to 936,123 units from 848,216 per cent in sales in the first five Nissan has increased its mar-

NEW CAR SALES jumped by national strike at its UK plants in both Ford and Vauxhall from

ing volume car markets.

Car sales are expected to set a record in 1988 for the third successive year. Last year they with 29.05 per cent in the first exceeded 2m units for the first five months of 1987, but it still me.

The hectic rate of growth of positions in the UK car sales

Austin Rover's share of the UK

continental plants.

months slumped to 57 per cent-partly under the impact of the February strike from 72.5 per cent a year ago, while Vauxhall's UK-built cars accounted for 66.3 Britain 'backs Opec' per cent of sales compared with MR CECIL PARKINSON, Energy

to 3.29 per cent compared with according to figures released yes—
It captured 13.21 per cent of the 1.76 per cent a year ago as its terday by the Society of Motor market in May compared with sales volume jumped by 106 per Manufacturers and Traders.

13.52 per cent a year earlier, cent to 6,093 from 2,950. In the Figures for other European while for the first five months its first five months it has increased markets are due later this month. share has fallen to 14.77 per cent sales by 64.5 per cent and raised

new car sales rose by 10.36 per cent to 936,123 units from 848,216 in the corresponding period a year earlier. For the 12 months to 138,310 units.

The share of imported cars in the first five months to 138,310 units.

The share of imported cars in the uK market has increased to 5.5 per cent from 4.5 per cent a goal on the uK market has increased to 5.5 per cent from 4.5 per cent a goal on the uK market has increased to 5.5 per cent from 4.5 per cent a goal on the uK market has increased to 5.5 per cent from 4.5 per cent a goal on the uK market has increased to 5.5 per cent from 4.5 per cent a goal on the uK market has increased to 5.5 per cent from 4.5 per cent a goal on the uK market has increased to 5.5 per cent from 4.5 per cent a goal on the uK market has increased its market has increased its market has increased its market share in the first five months to 138,310 units.

The share of imported cars in the share in the first five months to 138,310 units.

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The share of imported cars in the share in the first five months to 15.5 per cent of UK car sales boosted by increasing production from its UK assembly because of a strong rise in the first five months to 15.5 per cent of UK car sales boosted by increasing production from its UK assembly because of a strong rise in the first five months to 138,310 units.

SNP poil tax revolt

The Scottish National Party has to 5.5 per cent of UK car sales boosted by increasing production from its UK assembly in the first five months to 5.5 per cent of UK car sales boosted by increasing production from its UK assembly in the first five months to 5.5 per cent f

In Brief

Aid to BAe for Airbus project not ruled out

LORD YOUNG, the British Trade and Industry Secretary, has refused to rule out further government aid to ensure British Aerospace's continued participa-tion in the European Airbus project, writes Ivor Owen.

The minister said in the House of Lords yesterday that he had of Lords yesterday that he had met BAe management to discuss the problems caused by the low dollar but that he had received "no firm proposals" for additional support. However, he refused to give an undertaking that "under no circumstances" would such assistance be given.

BA launches shops

British Airways is to replace its existing high street sales outlets with a chain of up to 60 shops, to be called FourCorner, aimed at high-income travellers. A subsidiary, British Airways Enterprises, has been set upto undertake the stom venture. £10m venture.

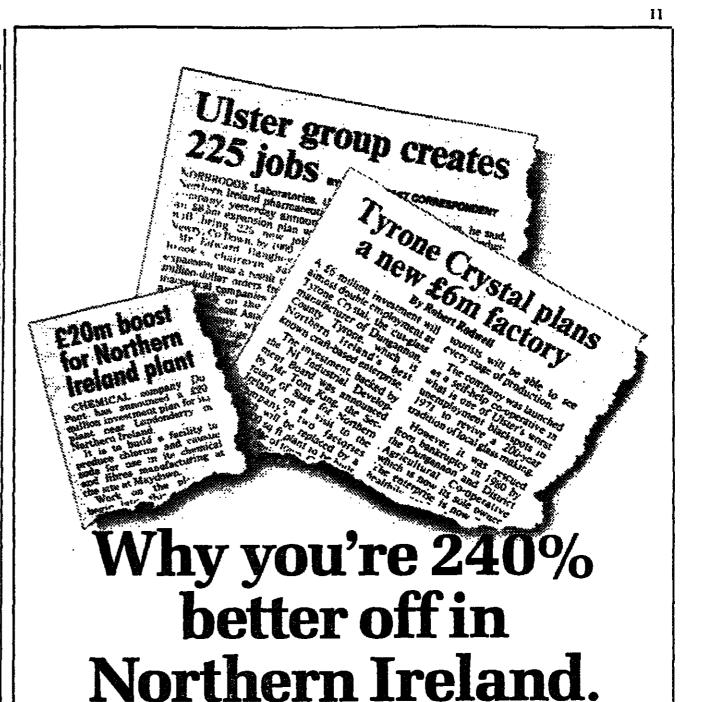
GLC site shortlist

A shortlist of four developers has heen drawn up for County Hall, the former headquarters of the Greater London Council. Twelve bids had been made for the con-The share of UK-built cars in Ford's sales in the first five bank of the River Thames. A final decision has been promised within the next month or so.

per cent of sales compared with 70.9 per cent a year earlier.

Citrõen, part of the French Peugeot group, and Nissan of Japan have made some of the biggest gains to date. Citrõen almost doubled its market share in May to 3.29 ner cent compared with MR CECIL PARKINSON, Energy Secretary, said yesterday that he supported Opec's efforts to stabilise oil prices at about \$18 a bardent Suharto of Indonesia, Mr Parkinson said that although the same part is member of the same part in the same part of th Britain was not a member of Opec it was effectively helping the organisation's efforts because its own output was gradually fall-

SNP poll tax revolt



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The Gold Maple Leaf. The world's gold coin standard.

POLICE have dropped all charges against Mr Allan Page, a defen-dant in the Alexander Howden fraud case, because Mr Page is suffering from complications fol-lowing a serious operation, Lon-don magistrates heard yesterday. Mr Page, who is in his 60s, was one of five men arrested last July

on fraud and conspiracy charges arising from the six-year-old Howden affair at Lloyd's of London, the insurance market. They include Mr Ian Posgate, former marine insurance underwriter.

News that charges against Mr Page had been abandoned came as the court began the first day of committal proceedings against Mr Posgate and three other men, Mr Kenneth Grob, Mr Jack Carpenter and Mr Colin Leonard Roy Hart. The proceedings are expec-ted to last up to four weeks.

Mr Page was finance director of Alexander Howden, one of kers, until August 1982, when he resigned from its board six months after it was taken over money from members of Lloyd's months after it was taken over by New York-based Alexander & Alexander Services

Along with Mr Grob, Mr Carpenter and Mr Posgate, he was charged last July with conspiracy to defraud Alexander Howden overtures

between 1979 and 1982 by falsely representing that a syndicate of buyers of the Geneva-based Ban-

que du Rhône et de la Tamise had no connection with the Alex-ander Howden group. Mr David Inman, counsel for Mr Page, told the court yesterday Mr Page had a short life expec-

Reporting restrictions were not lifted at the hearing, but the Crown Prosecution Service laid a series of new detailed theft and fraud charges to replace the spec-imen charges which were

Lloyd's insurance syndicates. He is also charged on several

syndicates. Mr Hart, a former professional Lloyd's underwriter, faces three charges of conspiracy to steal money from Lloyd's syn-

The hearing continues today.

Unionist politicians snub Dublin

By Kleran Cooke in Dublin POLITICAL flirtations quickly

turn sour in Ireland. turn sour in Ireland.
Only last week Mr Charles
Haughey, the Irish Prime Minister, was describing as "very exciting" the prospect of talks with
Mr James Molyneaux, the leader
of Northern Ireland's Official
Unionity Party

Unionist Party.
However, over the past two
days both Mr Molyneaux and the
Rev Ian Paisley, the leader of the
Democratic Unionist Party, have
made it clear that no such meeting is contemplated, nor is it

Mr Molyneaux described as fraud charges to replace the specimen charges which were brought against the other four men last year.

Mr Grob, former chairman of Alexander Howden, now faces 56 allegations in all, the first of which is that in August 1981 he stole \$1,135,910 belonging to Alexander Howden and to members of Ilowd's insurance syndicates.

Mr Molyneaux described as "outright lies" speculation that he and Mr Haughey had exchanged position papers about the situation in Northern Ireland and said he had no intention of meeting the Irish Prime Minister in the foreseeable future.

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Mr Molyneaux described as "outright lies" speculation that he and Mr Haughey had exchanged position papers about the situation in Northern Ireland and said he had no intention of meeting the Irish Prime Minister in the foreseeable future.

"No Unionist worth his salt would sit down at an all-ireland onstitutional conference, allowing Dublin to have any say in the future of Northern Ireland or to discuss a Northern Ireland gov-

Mr Paisley said that the Angio-Irish agreement had to be scrapped and devolved govern-ment returned to Northern

Tom Lynch examines a procedural dispute over a stalled bid to change abortion law

Alton takes 18th century tack to save his bill

MR DAVID ALTON, the Demo-crat MP, will today try to resur-rect his bill to reduce the time limit on abortions by, in turn, resurrecting a parliamentary stratagem from the early 18th

century.

The device is known as 'tack-The device is known as 'tacking', meaning to tack an amending', tacking has been tacked on to require
mployers to give 60 days' notice
of plant closures. But ever since
the battle over occasional conformity, tacking has been frowned
on in the UK.

However, Mr Alton, MP for
Livernool Mossley Hill has been

This occasional conformity so enraged the High Anglican to make progress-it now has bill to make progress-it now has been ruled to be in order. Mr Alton's amendment, which has been ruled to be in order. Mr Alton's amendment is tering of deer, the printing of mude pictures in newspapers and the sale of tog guns.

There is also said to be some bressure from those seeking to reduce the abortion time limit from 25 weeks of pregnancy to 24.

There is also said to be some leave "look of which be all the has been ruled to be in order. Mr Been ruled to be in order is whether an amendment is the sale of tog guns.

There is also said to be some leave to the Government's from 25 weeks of pregnancy to 24.

The long "Parker of the Criminal Mr Parker is aloud to

Birmingham to get £203m aid

The cash, announced by the European Commission yesterday, is to help the economic regenera-tion of the city under a so-called Integrated Development Opera-tion (IDO), a new kind of EC assistance whereby different assistance whereby difference of community social and regional funds are handed out in a co-ordinated way over a period of years.

It is intended to be more effec-

BIRMINGHAM is to get £203m of tive than the previous way of dis-European Community aid and bursing aid for individual pro-loans over the next five years, jects year by year, and was the largest single tranche of EC introduced as part of the EC bud-assistance approved for the UK get and regional aid reforms and the first assistance project of agreed at the February summit of and the first assistance project of agreed at the February summit of its kind earmarked for the coun-

The Birmingham programme represents a total investment of 2460m between 1987 and 1991, including private contributions and the city's own funds. It will be spent on job creation, encour-aging diversification of the local economy into services, tourism and high technology, improving local transport and training. Yesterday's decision comes

after a flurry of lobbying in Brus-sels by UK city authorities, fear-ful that they will lose out to southern member states. EC leaders agreed in February that this structural spending should rise from Ecu7.4bn (£4.9bn) this year to Ecu13bn in 1992.

Of the total, £113m comes from the European Regional Develop-ment Fund, the biggest of the EC structural funds. Another £30.6m comes from the European Social Fund for Vocational Training. with loans worth £20.6m from the European Investment Bank and £23.9m from the European Coal and Steel Community.

Assets 'may cover' most of Barlow Clowes debt

By Clive Wolman

IR MICHAEL Jordan of accountants Cork Gully yesterday gave encouraging news to the 7,000 investors in Barlow Clowes Gilt Managers, which the Securities and Investments Board is seeking

Mr Jordan, the firm's special nanager, told a group of 70 solicitors, accountants and financial advisers that holdings of gilt-edged securities already identified would cover most of the

thied would cover most of the £51m of investors' money placed with the company. The gits are being held by Midland Bank Nominees. Mr Jor-dan said that if there was any shortfall, it would be small. However. in view of the company's poor record keeping, delays might arise in allocating all the assets to investors in the correct amount, he said.

Whether or not a delicit exists hinges mainly on the precise interpretation of clauses in the contracts under which Barlow contracts under which Sariow Clowes has been managing inves-tors' gilt portfolios. These do not make clear whether the firm is obliged to repay the gilts to investors at their full redemption

It also emerged yesterday that Barlow Clowes had a professional Barlow Clowes had a professional indemnity policy which guaranteed investors against any losses through fraud or negligence up to a maximum of £10m. The policy, which was placed by Fenchurch Insurance Brokers with the Sun Alliance insurance company, lapsed in mid-1985. However, those who invested before then those who invested before then may receive some additional pro

Meanwhile, some of the 11,000 investors in Barlow Clowes Int national, the associated company which is based in Gibraltar, have initiated an action in the Gibraltar courts to freeze its assets which have to meet liabilities of about £130m to clients.

The UK authorities, which are fearful that money may have been shifted between the two companies, are also considering action in the Gibraltar courts.

IFS warns of renewed turmoil in coal sector

By Maurice Samuels and Max Wikinson

RENEWED turnoil in the British coal industry could follow privatisation of the power stations, the Institute for Fiscal Studies warned yesterday. In a report on the impact of electricity privatisation on

electricity privatisation on other UK energy industries, it says competition among rival private electricity producers is likely to focus on fuel prices. The less the industry pays for its fuel, the report argues, "the more profitable it will be and so the larger will be its market value." Power generators will presumably therefore be allowed, "perhaps even encouraged," to substitute imported coal for domestically produced.

The IFS argues that Central Electricity Generating Board has, as a monopoly, been willing in prop up British Coal by buying a substantial tranche at a price well above that of imports. However it came it is imports. However, it says it is inconceivable that a similar understanding will be reached with the two generating com-panies to be formed from the CEGB after privatisation. If, on the other hand, elec-

tricity were put under pres-sure to cut costs, the balance of argument in the industry would shift. "In these circumstances there would still be hard times ahead for British

One of the contributors to the report, Mr Dieter Helm of the London Business School, has urged the Government to distinguish between two kinds of regulation needed once the electricity industry was priva-

The first would protect consumers from excessive price increases by a monopoly industry, whereas the other would prevent established companies from freezing out competition.

• The CEGB is to seek planning permission this summer for a 1,800MW coal-fired power station at Kingsnorth

Parliament expected to reject case for hanging in fresh vote

penalty, 23 years after it was abolished. They are, once again, expected to defy public opinion and vote against its reintroduc-

The Commons will have the opportunity to debate one of the most controversial of political issues, following the tabling of an amendment to the Criminal Justice. tice Bill, which returns today for its report stage.

The most likely amendment to

be chosen by the Speaker of the House has been put down by Mr Roger Gale, the Conservative MP his call to reintroduce capital against its reintroduction punishment as the maximum penalty for murder. There are 650 MPs in the Commons.
Under his amendment, a jury

would have the power, after reaching a guilty verdict, to rec-ommend the death sentence. Mr Gale claims MPs will, in effect, also be debating whether or not the police should be armed. He points out that, under the bill, the courts will be able to impose the same penalty for carrying an offensive weapon as for using it. He believes that without capital punishment the offender will have no disinclination to use

a weapon and the case for arming the police will be strengthened.

The debate will provide MPs with their first opportunity to debate the issue since last year's general election. Despite evidence that the new influx of 53 Tory MPs should swing the balance in forces of these strengtheness. ance in favour of those support-ing capital punishment, another sizable vote against its return is

A recent poll by the Mori organisation showed, however, that 67 per cent of British voters favour the return of the death penalty, with the figure rising to

MPs RETURN to the House of 80 per cent among the young.

Commons today to debate the lit is likely that, as in the past, case for restoration of the death MPs will tend to regard the occasion as an opportunity to exercise their own consciences, rather than express the wishes of their voters. However, they will reach their decision only after facing intense lobbying by supporters of

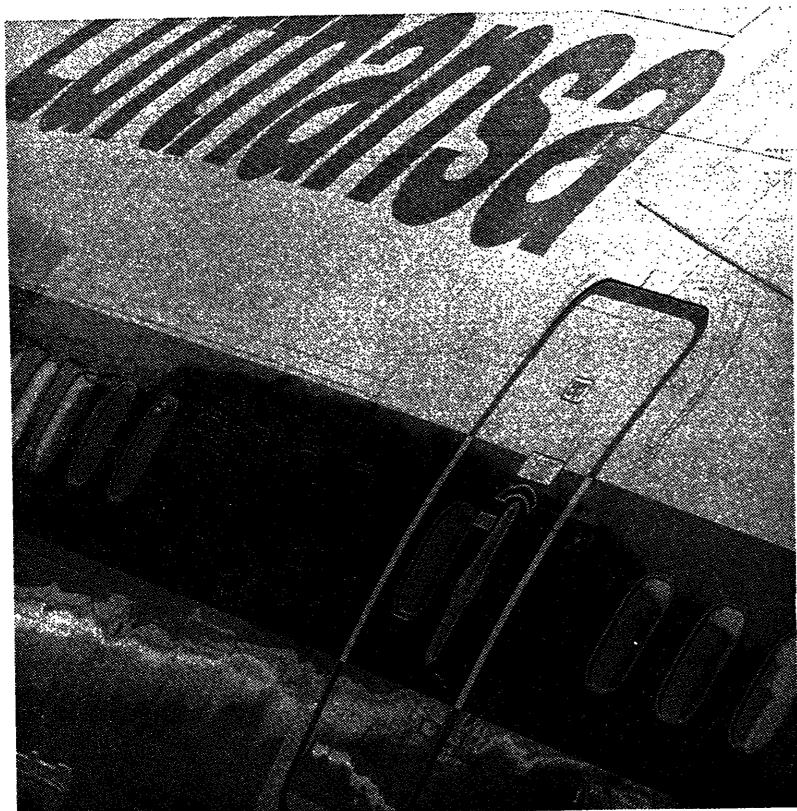
both sides of the argument The anti-hanging camp is led primarily by Amnesty Interna-tional, the human rights organisation, and the Howard League for Penal Reform. Their case is based primarily on moral grounds and on the lack of evi-dence to support the view that Roger Gale, the Conservative MP the death penalty acts as a deter-for Thanet North in Kent. He has the support of about 100 MPs in tice are also cited as an argument

On the other side of the argument, the recently-formed National Capital Punishment Campaign claims MPs cannot continue to ignore the wishes of the overwhelming majority of the public and says it already has the support of over 60,000 people for Mr Gale's amendment. It is committed to continuing the light even if its cause is defeated

Mr Gale was last night pessi-mistic about his prospects for success, claiming: "If I was a bet-ting man I would not put any money on my amendment." He believes many MPs might still be absent on the first day after the Commons' strains recess and also Commons' spring recess and also thinks some Tory MPs, who are opposed to the death penalty but under pressure from their local party to vote in favour, will solve their dilemma by staying away.

Whatever the Commons decides, capital punishment will remain on the statute book as the mandatory penalty for high trea-son and for piracy with violence. One set of gallows is kept in working order at Wandsworth

One of Germany's contributions to uniting the nations.





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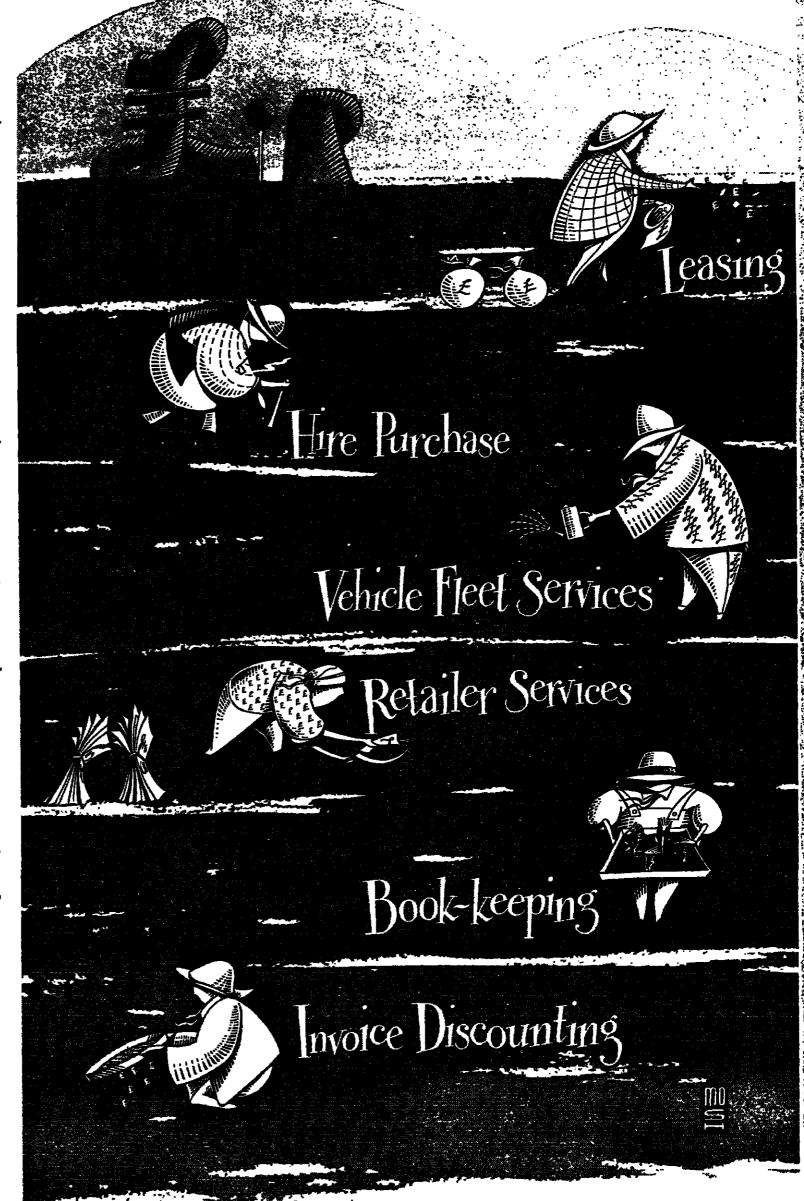
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Alice Rawsthorn on the changing UK carpet sector

Coloroll's acquisition takes it to the top

COLOROLL won control of the John Crowther textile group on Friday, in the latest of a series of recent changes in the British carpets market. The takeover makes
Coloroil the largest manufacturer
and the second largest distributor
of carpets in the UK.

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Because MCD, Crowther's dis-tribution concern, is in good shape, the main challenge will be to revitalise the manufacturing side of its operations. If this succeeds, Coloroll will become a formidable force in the \$2.5bn British home furnishings market. It will also exert considerable influence over the restructuring currently under way in the £850m

Carpet industry.
Until the mid-1980s the industry was the domain of hundreds of family businesses. The probiems implicit in a fragmented structure - compounded by the power of the "pile it high and sell it cheap" retailers such as Harris and Allied - left the industry vulnerable to sudden slumps in consumer spending and to increasing imports.
Then, in 1985 and 1986, carpet

manufacuring was reshaped by a series of acquisitions which led to the emergence of four forces tract market. within the industry.

Coats Viyella (then Vantona Viyella) became the biggest carpet company in the UK by adding Lancaster Carpets to Donaghadee, through its acquisition of Nottingham Manufacturing. It has since acquired Youghal, a big but troubled manufacturer in the

Crowther surfaced as the second largest player by merging Carpets International with Weavercraft. Lamont Holdings, a specialist textile group, acquired Shaw as a loss-making concern, while Coloroll ventured into carpets when it bought Wallbridge Holdings.

The reorganisation that followed these acquisitions introduced a new wave of manage-ment to the notoriously badly run industry and resulted in long overdue plant closures and cuts in capacity, borne principally by Coats and Crowther. Both found the process of reorganisation unexpectedly difficult, and for the past two years both have been plagued by production and distribution problems.

steered Shaw back to profit, Colo- to it roll has broadened the base of trol. to improve stock and waste con-Wallbridge's business, and It equally has the option of Tomkinsons has consolidated its shedding the "peripheral" parts position in consumer carpets. of Crowther's carpet activities. It Brintons and Hugh Mackay have could sell the spinning mills gained ground within the con-tract market. for example; close the sales cen-Coats is still grappling with the tre at Brighouse in Yorkshire; or

problems of Youghal but its reor-ganisation should be completed ries in areas like maintenance. by the autumn, when it will It may not face an easy task, introduce new ranges.

The Crowther carpet compa-nies are, however, struggling, ket is becoming increasingly Through the takeover, Coloroll competitive. First, the enlarged has acquired two huge production operation will face fartion plants in Bradford and Kidtougher competition than it has derminster. Both are operating until recently from fellow domeswell below capacity, with heavy tic manufacturers: not only from overheads and a legacy of man-niche producers like Tomkinsons. agement problems.

If it is to salvage these busi-nesses, Coloroll must act swiftly sterling has accelerated the to cut costs boost output and influx of imports into the UK restore stability.

It has already mapped out preliminary plans. It will rename the plants at Bradford and Kidderminster the Kosset and Crossley mills respectively, and retain its existing Wallbridge site in Somerset as the Coloroll Mill. It hopes to increase output at the plants of introducing new products in and Queensway and also to time for the Harrogate Carnet.

through economies of scale by their budgets. Unless Coloroll can it is that we have not been able

Benn opens left attack in Labour defence row By Michael Cassell

MR TONY BENN, the Member of Parliament for Chesterfield who is challenging Mr Neil Kinnock for the leadership of the British Labour Party, yesterday accused Mr Kinnock of attempting single-handedly to change Labour defence policy.

His remarks, which are certain to be echoed by the party's left wing during the leadership election, followed Mr Kinnock's assertion at the weekend that the principle of "something for nothing" unilateralism was now

ing" unilateralism was now redundant.

redundant.

Mr Benn will today unveil details of the second annual socialist conference, due to be held in his constituency on June 11 and 12, together with discussion papers which will form the basis for left wing campaigning during the leadership contest.

The conference, which could attract more than 2,000 delegates. will inevitably provide a platform for Mr Benn's campaign, issues to be discussed include the role of public ownership, wider eco-nomic issues, policles for the inner cities and new rights for trade unions.

Commenting on Mr Kinnock's suggestion that support for unilateral nuclear disarmament was no longer appropriate, Mr Benn accused the party leader of undermining Labour's credibility by appearing to overturn agreed policy in the search for electoral

He claimed that British voters no longer had the slightest idea of what the Labour Party stood for. As a result, the Conservative Party was still ahead in the polis, despite the Government's prob-lems over proposed changes to local taxation, the recent budget and the National Health Service. Eventually, he said, there would be no difference between

would be no dimerence between the Labour and the Conservative Party, where the leader tradition-ally made policy. On a whole range of policies, Mr Benn claimed to see a "coalition" in parliament, within which the Labour leadership tacitly supand Queensway and also to time for the Harrogate Carpet ported the Government the do-it-yourself stores Texas and B&Q.

About £3m will be saved the manufacturers unveil their to persuade the elections over the past three general elections.

UK carpet industry Total market (trade prices) 900 Imports UK output Exports Wallbridge to the other two mills on the market. Lamont has

given that the takeover has come

from countries such as Belgium

Their weakness has in turn pooling the buying of raw mate-rush out new ranges in time, its to persuade our own leadership given the smaller companies a rial. Coloroll also plans to introgrand plans for the carpet market to support policy we have agreed chance to strengthen their hold duce techniques already used at could be stalled for another year. on." D TELEPHONES D KEY TELEPHONE SYSTEMS D PBX SYSTEMS D TELEX D FAX D FLEXIBLE FINANCE D ANSAFONES D SERVICE AND MAINTENANCE D TRAINING D ALLATION o CALL LOGGING SYSTEMS & HOTEL PHONE SYSTEMS O ANSAFONES O SERVICE AND IF YOU WANT TO TAKE ON THE BIG BOYS NOW'S THE TIME TO GO NATIONAL.

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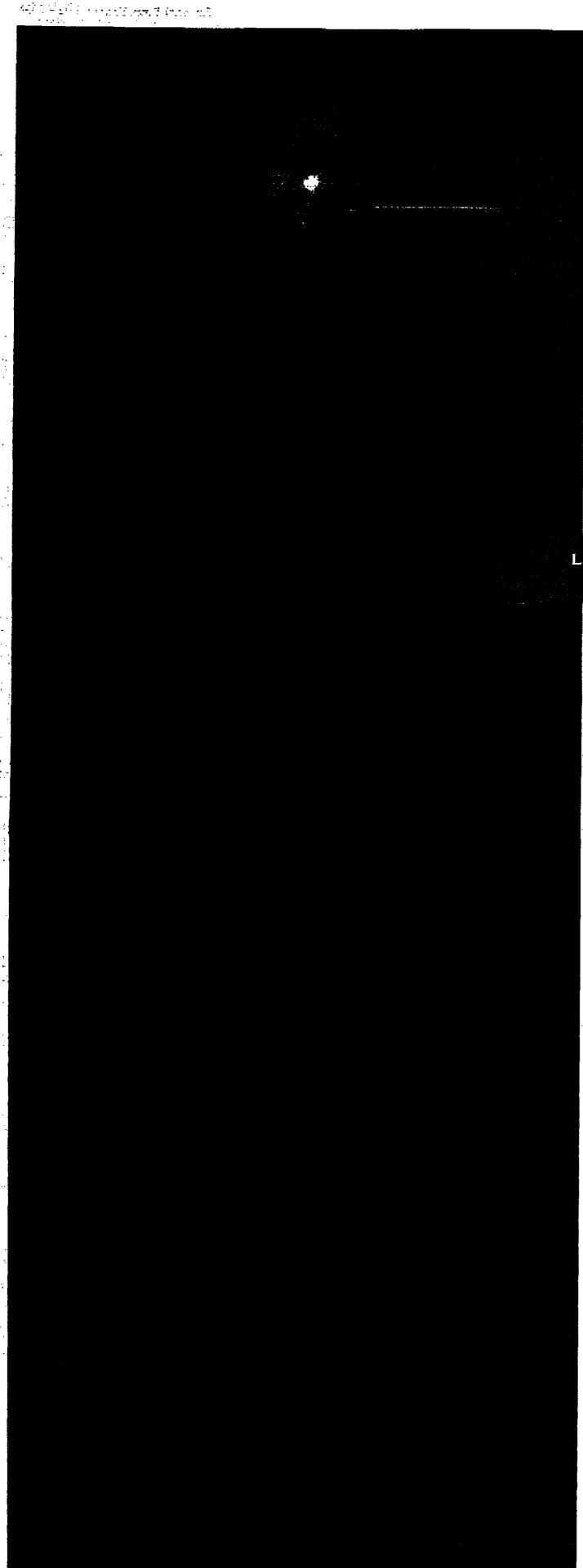
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To even the largest of companies, in fact, our services have become recognised as sensible, prudent precautions that any well managed company should consider.

For some companies, of course, they may prove rather more than just sensible.

They could prove life-saving.



Finance director of the ASDA Group

Mr Edward Lea, finance director was a senior partner of de Zoete of the ASDA GROUP, is to resign & Bevan.

from the board after the annual meeting in Southender the annual meeting in Southender the annual to the senior bear the senior to th meeting in September. He will be succeeded by Mr Ronald Scott, finance director of ASDA Stores. Mr Graham Stow will replace Mr sible for residential development. He is managing director of ASDA Stores, with responsibility for distribution and management information services.

Mr Peter Goldie, chief executive of British & Commonwealth appointed group finance director of ITL INFORMATION TECH-NOLOGY. He joins from P&O. where he was group financial the company

Mr Alan J. Birch (Sun Alliance Insurance Group), chairman of The Salvage Association, has been elected chairman of the ASSOCIATION OF AVERAGE

Mr David Fraser and Mr Tony Budd have been appointed associated the second seco

Lex company, Lex Electronics ment Services which was Europe, where he was personnel acquired by Eurofi on June 1

Mr Richard Brett has joined the Mr Les Tench, managing director of Steetley Brick & Tile, has been appointed chairman of THE BRICK DEVELOPMENT ASSOCIATION.

Mr Richard Brett has joined the CIVIL AVIATION AUTHORITY as group director finance and management services. He joins from Datatech, a subsidiary of Thorn EMI, where he was finance director.

AIRTOURS has appointed Mr Harry Coe as finance director.

Budd have been appointed associate directors of EUROFI, respon-HARVEY PLANT has appointed stille for the Manchester office.

Mr Peter Cosgrove as managing director. He joins for a sister and directors of INDAB Managedirector. He joins for a sister and directors of INDAB Managedirectors.



Mr Edward Bloxham has been RHM OUTHWAITE HOLD-INGS. He was finance director of RHM Outhwaite (Underwriting Agencies), and his appointment is made in preparation for a restructuring of the Outhwaite Group into separate operating subsidiaries later this year. Mr Stephen Mitchell, former senior partner of City solicitors Elborne Mitchell, is be appointed a director of RHM Outhwaite (Underwriting Agencies). He will join the holding company board following the proposed restructur-ing.

Senior post at TSB

TSB GROUP has appointed Mr Healey & Baker Financial SerJohn Bourke as managing directives.

tor of TSB Commercial Holdings.

He succeeds Mr Don McCrickard
who was recently appointed chief
executive banking. Mr Bourke is
managing director of United
Dominions Trust, a post he will
retain. He also succeeds Mr made two board appointments:

Mr Peter Carter-Ruck has been appointed a director of KWIK

Mr David Gordon and Mr Stuart charge of company registration
Tarrant have been apppointed directors of the TARGET
GROUP, a subsidiary of the TSB Group. Mr Gordon is group managing director of The Economist

of the worldwide corporate divi-sion of Barclays Bank, has become chairman. Mr Dick Horsnell, formerly managing director at Philips Business Systems, has been made an executive director.

Mr Peter C. Jones has been MANNS & NORWICH BREWERY

CO has appointed Mr Richard

Wells as its innkeeper director.

He was previously personnel

MANNS & NORWICH BREWERY

appointed company secretary of

HSS HIRE GROUP, the hire service company of John Mowlem

and Co. He joins from Otis Kleva-

Dominions Trust, a post he will KITCHEN RANGE FUUDS has retain. He also succeeds Mr made two board appointments: McCrickard as chairman of Swan Mr David Scott has become National, and remains chairman finance director and Mr Boh Mallindine, currently operations director, managing director-

SECURITIES SERVE. He is a senior partner of BWD SECURITIES has Peter Carter-Ruck and Partners. approinted Mr Christopher Addenbrooke as director in

Mr Mike Nowill has been and Mr Tarrant is a director of TALKLAND. He was previously Kingsgrange. At BARONSMEAD ASSOCIATES a company which was acquired by Talkland in early 1988.

ALEXANDER STENHOUSE UK has made Mr Terry Miles an associate director-international

Mr Anthony Davenport has joined RICHARD ELLIS as finance director. He was chief manager (financial control) at Lloyds Bank.

TEMPLETON UNIT TRUST MANAGERS has appointed Mr Alistair T. Galloway as compliance manager. He was with Adam & Co. Mr David B. Cullen has been appointed an investment analyst. He was with British Investment Trust.

London hotel refurbishment

SIR ROBERT McALPINE & SONS has been awarded a £4.5m contract by Crest Hotels for the extensive refurbishment of the Bloomsbury Crest Hotel, London. The contract covers refurbishment of the ground and first floor public rooms, provision of a restaurant, bar and fover and conceptable for April completion scheduled for April public rooms, provision of a res-taurant, bar and fover and con-struction of an additional floor of 1989. The £33m Ponds Forge struction of an additional floor of swimming pool and leisure combedrooms at roof level. A tower crane has been installed in the centre of the hotel and the floors and basement of the five-storey hotel have been temporarily strangthaned to take the additional floor of 1989. The £33m ronus rorge bedrooms at roof level. A tower swimming pool and leisure committee control plant by swimming pool and leisure committee commi hotel have been temporarily 1991 World Student Gather in strengthened to take the addi-Sheffield. It will contain the first strengthened to take the addi-Sheffield it will contain pool and strengthened to take the additional loading. The hotel will 50 metre competition pool and remain operational throughout. Work will include installation of built in Great Britain for many a lift, and a marble-clad frontage years. with canopy.

ALLEN-FOX CONSTRUCTION, design and build division of Wigan-based Allen Group has won orders worth 66m for contracts in the North West and Wales. These include developments at The Kings School, Chester, value £1.2m for English Estates; industrial developments at Swansea, value £1.2m for English Estates; industrial developments; warehouse extensions at White-field, value £740,000, for James Halstead; and an office development at Salford Quays for an associate company, Allen Commercial Developments.

**R.J. MAXWEIL & SON. Coleration of Coleration in grading and build division of Wigane, Northern Ireland, has been awarded three contracts totalling awarded three contracts totalling awarded three contracts totalling awarded three contracts totalling of the A26 (Antrim/Ballyment) of the Environment comprises construction of the Environment at Swansea, value £1.2m for English Estates; industrial developments; warehouse extensions at White-field, value £740,000, for James Halstead; and an office development at Salford Quays for an associate company, Allen Commercial Developments.

**R.J. MAXWEIL & SON. Coleration of Coleration in grading three contracts totalling awarded three contracts totalling awarded three contracts of the duall-ing of the A26 (Antrim/Ballyment) for the Environment comprises construction of a carting at Dunsilly round-about on the M2, for completion about on the M2, for completion for resurfacing of airfield runder from British Gas is for construction of 24 km of 600mm diameter welded steel pipeline between Barrington, near Honiton, Devon, valued at more than 13m. Further contracts include refurbishment of a service of the Environment comprises construction of 24 km of 600mm diameter welded steel pipeline between Barrington, near Honiton, Devon, valued at more than 13m. Further contracts in the Comprises of the duall-ing of the A26 (Antrim/Ballyment of a service of the Environment of a carting of the A26 (Antrim/Ballyment of a carting of the A26 (Antrim/Ballyment of the Environment of the Environmen mercial Developments.

nology office units in the Gillingham Business Park. In Pier Road, the company is building a £1.5m head office for Akzo Chemicals. A neau office for Area Chemicals. A \$3.7m contract has been placed by the Property Services Agency to construct junior ranks ungle living accommodation building at living accommodation building at the contraction of Contraction. RAF Manston. In Canterbury, the company has signed a £3.2m con-tract with Ford dealer Invicta Motors, to construct a sales and service complex. Work has service complex. Work has started on the 90-week contract. Wiltshier is building a 22m bowling centre in Bexicyheath for Carter Commercial Revelopments, and has been awarded a further \$580 000 contract to fit further £580,000 contract to fit out the superbowl for its occupi-ers, First Leisure Corporation.

include refurbishment of a ser-MOWLEM MANAGEMENT has JOHN E. WILTSHIER GROUP include refurbishment of a services bridge, for British Nuclear vices bridge, for British Nuclear been awarded a £2m contract by has secured orders worth more construction of Bubbles Leisure building contract for a large basement, including swimming building contract for a large basement, including swimming building contract for a large basement, including swimming building contract for a large building contract for a large building swimming building contract for a large building contract for a large building swimming building contract for a large building swimming building contract for a large building contract for a large building swimming building contract for a large building contract for a large building contract for a large building swimming building contract for a large building contract for a large building swimming building contract for a large building swimming building contract for a large building contract for a large building swimming building contract for a large building contract for a

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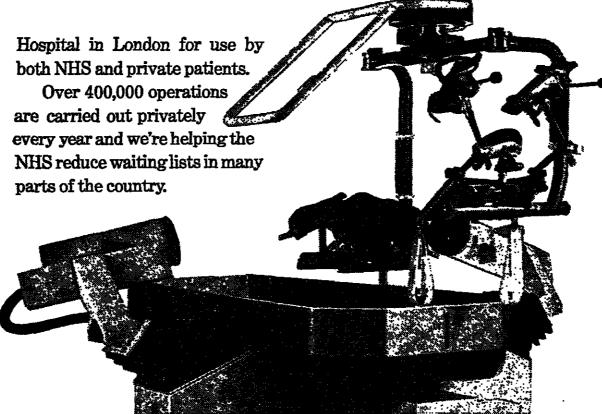
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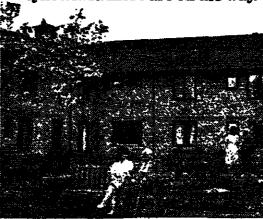
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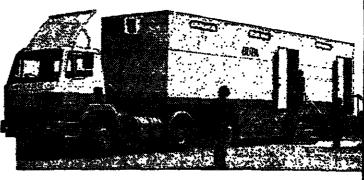
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A NEW SCOTTISH electronics company getting under way in Greenock on the Lower Clyde is the first fruit of an initiative by the Scottish Development Agency to remedy one of the glaring weaknesses of the Scottish elec-tronics industry – the shortage of indigenous Scottish component manufacturers.

The company, Domain Power,

is financed and structured in much the same way as most ven-ture capital launches. But it owes its existence not to the initiative of an entrepreneur spotting a market opportunity and putting together a company to exploit it, but to the efforts of the SDA

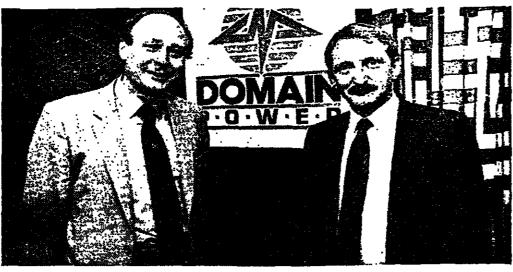
No one involved in it - including its managing director and part owner Martin Gregson, who took the post after an elaborate selection procedure - believes it could have got under way with-out the SDA's help. But they also believe that it is as viable as if it had sprung spontaneously from the private sector.
While Scotland has been very

successful in attracting foreignowned companies to set up manufacturing operations, these plants have not, as was once hoped, led to the creation of a strong indigenous electronics industry. In fact a 1986 study by the SDA - the Electronics Indus try Database - showed that no less than 72 per cent of Scotland's electronics output was produced by companies which had head-quarters in the US, and only 12 per cent of the industry's inputs are sourced from Scotland.

Furthermore, the study identified several products which the major companies specifically said they would like to be able to obtain locally - including switch mode power supplies (SMPS), the device which every piece of data processing equipment needs in order to convert mains power into usable form.

The SDA's electronics division pursued the issue further: SMPS had formerly largely been produced in-house by original equip-ment makers, but over the past decade the original equipment manufacturers (OEMs) - such as International Business Machines, Digital Equipment and Hewlett Packard – had gradually switched to buying in SMPS as a commodity from outside sources. and were obtaining them from areas such as Italy, Spain and the Far East, though with some from the south of England.

However the major Scottishbased manufacturers declared that they would like a source within Silicon Glen with all the advantages of convenience for design collaboration, the rapid resolving of problems and the move to just-in-time manufacture. The Scottish market was estimated at over £50m, with that in the UK as a whole at £150m and the total EC at £1.3bn, with



Filling a supply gap in Silicon Glen

James Buxton explains why the Scottish Development Agency promoted the creation of an electronics component maker

But if it was such an obvious gap, why wasn't it being filled? -especially as the SDA had high-lighted it in its published study. "There were companies with the capacity to do it," says McLaren, "but it wasn't compatible with their product lines and the way they operated." For example, the leading Scottish-based company with the appropriate capacity SCI an offshoot of an Alabamabased concern - normally manufactures under contract for other

We could have asked Locate in Scotland - the SDA's inward investment arms - to find a for-eign company that wanted to come in and fill the gap. But that would just have become an assembly operation with design and development taking place elsewhere," says McLaren.

Instead the SDA commissioned a detailed business plan for the venture from Arthur Young, the accountants. When it was ready, by March 1987, the SDA placed advertisements in the Sunday

company that would manufacdecided that this did look like a ture power supply equipment. real opportunity," says Ian About 150 people replied, "some of them prepared to invest about sion.

1. About 150 people replied, "some of them prepared to invest about \$100,000," according to McLaren. Iwenty-five were interviewed.

The SDA eventually chose Martin Gregson, who worked for SCI as programmes manager respon-sible for dealing with multinational company customers. Ironically Gregson had already been involved with the project since the SDA had come to SCI to obtain costings for a potential product. "The ad was the official point of contact between me and the SDA," says Gregson, "but I knew it was coming."

Gregson was given the business plan and developed it fur-ther: the idea was for a company that would design, market and do final assembly of the products, though most of the manufacturing would be done under under subcontract by other Scottish manufacturers, such as SCI, Timex or Avex which have

Why did the SDA help assem-ble the executive team? "Normally an entrepreneur comes to us with a ready-made team," says McLaren. "But in this case we'd plucked Gregson out of a company. Also we were planning to be investors in the scheme so we wanted to be satisfied with the management team. Gregson could have assembled the team on his own - but it would have

By the middle of last summer commitments to purchase -from potential customers among the multinationals in Scotland. and the financial backing and imprimatur of the SDA. This, Gregson says, "provided a higher comfort factor."

proven reputations with the mulpeople with regard to start-up
At a time when businesses in
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Gregson put together the team of
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executives, including marketing
with a fast food chain they can
success or failure of Domain George Gibson, a founding director of Powerline, a USM company sold to Chloride last year, and Dr sold to Chloride last year, and Dr ness it take three years to make a nudge the electronics industry Times, the Scottish press and David Matthews, a leading return and five years to make a along, or whether the best busi-elsewhere for an entrepreneur designer of power supply equip-willing to manage and invest in a ment, who is technical director.

October stock exchange crash and the well publicised rescue of a Scottish electronics start-up company named Integrated Power Semiconductors which, despite its name, made a com-

pletely different product.

In the end only Investors in Industry (3i) joined the SDA's investment division and the executive team (who have 40 per cent of the shares) as equity investors The SDA expects a similar rate of

return to 3i. When Barclays Bank was approached to be the company's banker it proposed leasing arrangements through Barclays Mercantile Business Finance which obviated the need for fur ther venture capital. The company is capitalised at about £500,000 and the total financial package amounts to £1.83m.

Domain, the name of which is reputed to be anagram of those of Ian McLaren and Dominick McKay, the two SDA officials who parented it, was formally launched last month and is now operating from temporary prem-ises in Greenock before it moves into a nearby custom-built fac-tory later this year. It is currently designing prod-

ucts, quoting to customers both in the UK and the EC and building samples, before beginning manufacture later in the year. It will be able to manufacture to a customer's specifications or design products to meet a customer's needs, whether spelt out in detail or only roughly. It expects to employ about 40 peo-

Gregson says that inquiries received so far have exceeded expectations by a factor of three He believes the company could get 5 per cent of the expanding UK market by the end of the fifth year, implying turnover of £10m

McLaren admits that companies already supplying Silicon Glen and the other markets in which Domain wants to operate taken three times as long as he will not sit idly by as the new was still in his job at SCI at the Scottish company tries to encroach on their markets. But he believes that Domain will the team was in place and the have a substantial advantage search for funds began, aided by through being a local and EC expressions of goodwill - but not based concern in a market that is

rapidly expanding.

The cost to the SDA of getting Domain going is put at less than £100,000, some of which it should recoup from the company. The agency is now continuing what it calls its "pro-active" role by However, he adds, "the venture working on two other projects to capital world is not generally the most enthusiastic collection of electronics industry.

Capital gains

Changing the ground rules

Richard Waters explains why income can look better than capital

THE FINANCIAL relationship

At its most extreme, this shake-up could lead to the winding down of capital in many private companies. The historic blas which has encouraged proprietors to accumulate capital rather than withdraw it as income has been substantially undermined. And locked-in capital gains stretching back years ration tax the year they are may now be freed without tax earned and capital gains tax being applied to the increases in when shares in the company are value caused only by inflation.

"The ground rules are changed by the Finance Bill," says Roger White, head of tax at accountants Peat Marwick McLintock. "All the legislation in the taxes acts is aimed at preventing people from turning income into capital. That is now turned upside down."

Three major changes in tax law have brought this about. The first is that since April 6 capital gains have been taxed at income tax rates rather than the flat 30 per cent applied previously. That means 40 per cent for a higherrate taxpayer (anyone earning over £19,300, in addition to their personal allowances, in 1988/9). But the first £5,000 of capital gains in any one year are tax-free, so there is still some incen-

free of tax. Those accruing since then qualify for indexation relief, meaning only real as opposed to inflationary gains are taxed.

And third, the lowering of the top rate of income tax to 40 per company directors is just 2.5 per make this attractive. cent more than that paid by their These changes are forcing com-

pany directors to consider the extent to which they should take income out of their business as opposed to accumulating capital, and the form in which they are sell it intact. The capital gain on paid; how they should dispose of a sale is taxed at 40 per cent for a or pass on their business at the lowest tax cost; and whether they idend carries a tax credit of 20 should conduct their business in per cent - meaning that the corporate form at all. Taking recipient then effectively only

• The attractions of building up capital in a company rather than advance corporation tax paid by withdrawing it as income have the company when it pays a diviwithdrawing it as income have the company when it pays a divi-waned. Last year capital gains dend. This can be set against the attracted only half the top mar-company's taxable profits over cent; this year they are taxed the

The £5,000 annual capital gains between many UK small compatax exemption should not be nies and their directors has been overlooked, though. With careful changed fundamentally by this planning, a proprietor could year's Finance Bill. of years to use up this tax-free

band each year. The balance between income and capital swings heavily in favour of income when the potential double-taxation of a com-pany's retained earnings are taken into consideration. Profits kept in a company attract corpodisposed of — an effective tax rate of 61 per cent compared with 54.5 per cent before this year's Budget, assuming top rates of income and corporation tax, according to Peat Marwick

Taken together, these factors will encourage company directors to withdraw profits each year, prefering to finance their businesses through borrowing - provided lenders are happy with the new financial structure created.

McLintock.

Taxed twice

The double tax problem also has a bearing on a company's assets. If these are likely to appreciate in value, they are better held by the individual than tive to accumulate capital. the company. Capital gains made becond, all gains that accumulate by a company are effectively lated before March 31 1982 are taxed twice, once when they arise and a second time when the company is sold.

In addition, the abolition of pre-1982 capital gains on assets should encourage some compa-nies to realise locked-in gains cent means that the top marginal which previously would have rate of tax paid by many small attracted too high a tax charge to A question for the directors of

family companies is how to sell or pass on their company. As a general rule, it is now better to extract value from a company in the form of a divi-dend before the sale rather than

higher-rate taxpayer: but the divpays 20 per cent tax. The tax credit relates to the

used in some companies to pass

on capital without paying inheritance tax, points out David Roth-enberg of London accountants Blick Rothenberg.

The older generation can pass very substantial value on to the next generation by the simple procedure of the older generation wairing any entitlement to dividend and the company then pay-ing dividends out," says Rothen-

This year's Finance Bill also extends the retirement relief on the disposal of a business. This is available to anyone who has reached the age of 50 or is retir-ing through ill health. Under this concession, the first

£125,000 of a gain from the sale of business is tax-free, while only half of the next £375,000 is taxed. Gains of more than £500,000 are taxed in full.

This means that a capital gain of £500,000 would create a liability to tax of £75,000, compared with the £150,000 tax liability that would have arisen under the previous tax regime.

 The question of whether the business should be conducted in corporate rather than partnership or sole-trader form depends on the effect of the new, lower

top rate of tax.
For businesses expecting to make and retain profits of more than £100,000 a year, it is unlikely that there is any tax advantage in starting up as a company, says Leslie Livens, tax partner at accountants Moores & Rowland.

He reasons as follows. The first 2100,000 of profits are taxed at 25 per cent (the small companies rate). But anything between £100,000 and £500,000 attracts a marginal rate of 37.5 per cent (after £500,000, the rate settles down to 35 per cent). This steep marginal rate brings the overall tax rate of a small company closer to 35 per cent the nearer it gets to profits of £500,000.

A 25 per cent tax on retained earnings rather than the 40 per cent top personal rate paid by sole traders and partnerships has strong attractions.

But at higher marginal rates of corporation tax, the benefit diminishes. When taken with the built-in costs of the corporate form - the administration costs, audit fees and PAYE obligations - there is little advantage in operating as a company, argues The double taxation of retained

profits and capital gains in com-panies (referred to above) also ginal rate of income tax of 60 per the past six years. panies (referred to above) also cent; this year they are taxed the The dividend route can also be tips the balance in favour of operation outside the corporate form.

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FT LAW REPORTS

JOBSON v JOHNSON Court of Appeal

May 25 1988

will not be enforced by the court

beyond the amount of the actual

than purchase monies already

paid by instalments, the clause is

The Court of Appeal so held

when allowing, to a limited extent, an appeal by the defen-dant, Mr Johnson, from Mr Jus-

tice Harman's decision ordering

specific performance of an agreement between him and the plain-

tiff, Mr Jobson, as assignee of the vendor's rights on a sale of

shares.
LORD JUSTICE DILLON said that in August 1983 two brothers

By two documents which had to be read together the Rubins contracted to sell the 62,666 shares to Mr Johnson.

The first document was a sale

agreement which provided for the sale of the 62,666 shares for

£40,000, completion to take place immediately. The second was a side-letter agreed in consider-

ation of the Rubins entering into

the sale agreement.
Under the side-letter Mr John-

son agreed to pay £311,698 to the Rubins, in addition to the £40,000, by six half-yearly instalments of £51,948.

By paragraph 6 of the side-let-

ter there were alternative provi-

sions for re-transfer to the Rub-

ins of 44.9 per cent of the Club's issued share capital in the event

of default by Mr Johnson.

Paragraph 6(b) provided that in

Mr Johnson paid the £40,000

provided for by the sale agreement and the 62,666 shares were transferred to him. He defaulted

in paying the first instalment. A

variation agreement was accordingly entered into between the

Rubins and Mr Johnson. That

£40,000, but failed to make any

payment of the £200,000 halance. At the trial be pleaded in

defence that the paragraph 6 pro-

visions constituted penalties and

were accordingly unenforceable. He counterclaimed that if para-

6(b).

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for loss on share sale (Lord Justice Kerr, Lord Justice Dillon and Lord Justice Nicholls): A PENALTY clause in a contract

loss of the party seeking payment. And where the penalty is not money but is a re-transfer of shares to their vendor for less The question was whether it

sum of money. sum or money.

In principle a transaction must
be just as objectionable and
unconscionable in the eyes of
equity if it required a transfer of unenforceable in so far as it imposes a penalty but the court may offer remedies to the vendor to the extent of his loss, including an order for payment of unpaid instalments and interest out of the proceeds of a sale of the shares by the court.

There was no distinction in principle between a clause which principle detween a clause which provided that if a person defaulted on £100 he should pay £1,000, and a clause which provided that if he defaulted on £100, he should by way of penalty transfer 1,000 shares for no consideration. Nor should there he sideration. Nor should there be any distinction in principle between a clause which required

creditor at an under value. in each case the clause ought to be unenforceable in equity in so far as it was a penalty clause, Instances of cases where the It was not open to the court to

had actually paid for them, since that would involve it in making a new contract between the par-

the event of default on instal-ments after the first, Mr Johnson was to transfer shares amounting to not less than 44.9 per cent of the issued share capital, subject to payment to him of £40,000. Mr Jobson, as the Rubins' ssignee, now claimed to enforce the re-transfer under paragraph

damages in a penalty case so as to ensure there was no enforcement beyond the plaintiff's actual loss, the court could direct inquiries to ascertain (i) the present value of the 62,566 shares; (ii) the present aggregate of the unpaid substituted £300,000 for the instalments under the variation £311,698 specified in the side-letter, and provided for it to be paid the present amount charged on the shares under a charging

> present value of the shares, as certified under (i) did not exceed by more than £40,000 the aggregate of the unpaid instalments and interest under (ii) and the amount, if any, by which the present amount charged under the charging order as certified under (iii) exceeded the £40,000.

Those two alternatives should son might, in the court's discre-tion, be granted relief under his counterclaim. be offered to Mr Jobson, but they could not be forced on him. If

enforcement of the penal effects of a clause which had been clearly identified as a penalty clause

a concurring judgment. LORD JUSTICE KERR agreed that Mr Justice Harman's order should be set aside, but said that neither of the two alternative

remedies offered sufficient justice The first differed little from

now entitled.

In those circumstances in equity Mr Johann was entitled to a further alternative.

That would be an order giving effect to clause 6(b), but on terms that Mr Jobson repaid to Mr

Johnson, perhaps with interest, the £160,000 which he had received under the agreem A further option to that effect would do justice to Mr Jobson

without contract to Mr Joseon without contravening any principle of equity. It would result in equitable restitution to both parties without enforcing or bluepencilling clause 6(b).
For Mr Jobson: James Munby QC and Guy Newey (Jefferies, South-

end) For Mr Johnson: Lestie Joseph QC and Victor Levene (Maurice Back enbroch & Co)

Rachel Davies

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PRILECT

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future growth. Replies in

certain undertakings and the KJ Associates Box 35, Apex counterclaim was struck out. There was no appeal against the striking out. Mr Johnson appealed against the judge's ruling that although a penalty clause, paragraph 6(b) created an enforceable obligation from which the only escape would be by relief akin to relief

against forfeiture, granted in the court's discretion.

Mr Jobson submitted that the law was that a penalty clause created a binding obligation which the courts would enforce Write with details to Box H3535, unless they saw fit to grant equitable relief.

If that view of the law was correct, it was argued, it must follow that as the counterclaim for relief was struck out, the court could not give Mr Johnson relief from the penalty clause, and must order specific perfor-mance of the paragraph 8(b) obli-

The ruling that paragraph 6(b) was penalty clause was right. The plain reading of paragraph 6
was that Mr Johnson was to be
punished for any default by being
bound to re-transfer the shares at
a fixed price which was bound to be less than he had paid.

In Photo-Production v Securicor Transport [1980] AC 827,850 Lord Diplock said that an agreement "must not offend against the equitable rule against penalties; that is to say it must not impose upon the breaker of a primary obligation a sum of money that is manifestly intended to be in excess of the amount which

as at the time of the making of the contract, not the time of the

Any court when faced with a claim for money payable on default which it identified as a penalty, must refuse to enforce the penal part of the sum and must give judgment for the claimant merely for the actual damage suffered by him. The relief did not involve consideration of the defendant's circumstances, or of the factors which might be appropriate to a grant of relief against forfeiture.

The question was whether it

made any difference that the pen-alty in the present case was not a

property by way of penalty on a default in paying money, as if it required a payment of an extra, or excessive sum.

that in August 1983 two brothers named Rubin were entitled to 62,666 ordinary shares in Southend United Football Club Ltd.

By two documents which had

penalty had been other than in money for non-payment of money were infrequent. In Dagenham (Thames) Dock Co LR 8 Ch App 1022 the court refused to enforce a penalty clause, but in a context in which equitable relief on payment of the residue of the money with interest was still available. decree specific performance of the sale of the shares to Mr Jobson at a higher price than the £40,000 so as to recoup what he

The court could follow the course taken in Dagenham (Thames) Dock Co and offer Mr lobson an order for sale of the 62,566 shares by the court and payment of the unpaid instalments and interest out of the proceeds, as in the ordinary case of a

vendor's lien.

Alternatively, by analogy to its power to direct an enquiry as to

Mr Johnson paid the first order. £100,000 under the variation agreement in addition to the mance would then stand if the

graph 6 was valid and enforce-able, he ought to be granted relief from forfeiture of his shares. If however, that condition was not satisfied, the order for spe-Mr Justice Harman held that cific performance would have to paragraph 6(b) was a penalty clause. He held that the effect was not that the clause was be discharged, since its enforcement would be the enforcement unenforceable, but that Mr Johnof a penalty.

neither was acceptable to him the He adjourned the hearing of appeal must be allowed and the the counterclaim. Mr Johnson then defaulted in complying with order for specific performance must be discharged.
Otherwise the court would be lending its machinery to the

LORD JUSTICE NICHOLLS gave

simply granting relief to Mr Johnson in the usual way, save that it would be accompanied by what would in effect be an auction of the shares, in which both parties as well as outsiders could complete. The second was almost certainly unrealistic and not a worthwhile offer in practice, since it was to be suspected that the present value of the shares greatly exceeded all monetary sums to which Mr Johson was

Barrister

Sunshades, stilts and Scottish landscapes

Christo, the conceptual environ-mental sculptor, is having his first London show for four years at Annely Juda Fine Art (11 Tottenham Mews W1: until June 24). He is a conceptual artist, but only in the technical sense that he proposes the idea rather more often than he is able to realise it in concrete terms. He plans his interventions in the landscape or the city on a vast, almost hubristic scale, both material and financial, proposing to wrap entire edifices in canvas; enclose whole islands; swathe miles of cliff; run a fence cross a state.

But these are no idle fantasies: he means what he says, and it is extraordinary how often he has contrived to give his airy nothings a local habitation and a form. His fence did run across California, and two years ago his wrapping up of "le Pont Neuf" brought Paris to a bemused and the the whole addition the whole and the state of the sta on the whole admiring standstill. Now he is at it again, working towards 1990 when he intends simultaneously to plant a valley in Japan with thousands of huge blue umbrellas, tall as fruit trees, and a vailey in California with as

many yellow ones. He has always used the opportunity of gallery exhibitions to publish the scheme of the moment. We are invited into the gallery not so much to consider his works of art, qua art, there and then, but to participate imag-inatively in their possible existence elsewhere at other times. Though the working material we in its own right, as with all working drawings, that status is second imaginatively satisfactory.

Other the

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ondary and unself-conscious. So it is with this present exer-cise. Here are the large working drawings for the umbrella project, worked freely and boldly upon a photographic base, with the details scrawled across them and the maps alongside. There of those two cardinal faults to the they all go, superimposed in yellow or bine down the valley and summate technique and always into the distance, in clusters, in the prettiest of subject-matter - line, or quite at random, just like pretty girls, sometimes in pretty trees. And yet at the moment the hats. The distinction to draw



The Umbrellas, Christo's latest project for Japan and the US

project is less interesting than the drawings. Leaving aside all else that is going on, and the way they are made - the use of photography and collage, maps and text - they work for once as landscape painting always has, founded in the true experience of

David Remiry, now showing at the Mercury Gallery (Cork Street W1: until June 25) is a painter who for too long has remained beyond the critical pale by virtue

The artist, any artist, is entirely free to take his subject where he finds it. There is no hierarchy of serious purpose, or where would we find a place for the likes of Fragonard or Renoir? More to the point is the way it is done, and where Remfry has made his own contribution to his problems in the past has been in too self-conscious and narrowing a demonstration of his undoubted graphic facility.

It is always the use by which a legitimate facility — as opposed these new large water-colours are to a trick or sleight of hand — is tours de force by any measure, seen he could not tell you. It is stretched and tested that makes There is a freedom to them, a from this simple mystery that his it interesting and ultimately crestrength in the statement of the authority derives, which is ative, combined with a quality of imagery, an acceptance of what-

here is between what is fair and intuitive absorption and forgettunfair to lay at the artist's own fulness; the artist must lose himself in his work. In coming by
chance upon a quite extraordinary incident, so rich in visual stimulus and possibility, this is just what Remfry at last has done. He was so excited by a troupe of stilt-walkers, three young women, that he hired them for a day and took them into Kensington Gardens to make studies of them. It is this experience that has supplied the main

substance of his show. He uses all the conventional media of the painter, but watercolour is his great strength, and

achieved in the process, rather than contrived, that gives this work a considerable and altogether new authority. These girls, sinister in their long black skirts, with their chalk-pale faces and extravagant bows, teeter like deranged commedia del arte puppets or mannequins up and down the steps and into the darkening gardens - wonderfully odd and memorable.

Peter Coker at Gallery 10 (Gros venor Street W1; until June 30) is developing into one of the most distinguished landscape painters of his generation. He was always remarkable and enjoyed an early success, for he was a notable graduate of the Royal College in the 1950s and on the fringe of the Beaux Arts New Realists, though never quite in the Kitchen Sink itself. In the big survey show of the Painting School at the Royal College earlier this year his work of that time more than held its own with his peers. Auerbach Greaves, Smith and Bratby. Somewhat out of critical sight in the 1960s and 70s, as fashionable attention drifted elsewhere, his worked continued as strong as ever and now it seems his star is rising once more.
This small show is of Scottish

landscapes, images of low hills and moorland, grey skies, distant waters and a sense of an infinite space. The surface is rich and clean, the paint laid on with an unforced, uncluttered expressionist directness, swift and decep tively simple in touch and effect. The inflexion of a single stroke of the brush takes the eye up and over the hill; a quick scumble of cloud leads it on to the whiter distance. It is all so very clever and sophisticated, or so it seems, done with every painter's trick, but I suspect that if you asked Coker how he did it, so lost was

ing's March play about a cuddly

Soviet arms negotiator at Geneva. A Russian more attrac-

tive than an American is an idea

that shocks Americans only once. Besides, Blessing does it much

better, not fashioning the Ameri-

can as hateful, just naive and stiff. In Chess Judy Kuhn as the

American chess second makes

The Electrification/Glyndebourne

David Murray

story) is the work of Nigel Osborne, Craig Raine and Peter Sellars - their respective contributions as composer, librettlst and producer are not so far separable. The production was pre-miered by Glyndebourne Touring Opera last year, then revised for BBC-TV, and is now re-revised for the Glyndebourne house itself; it will travel to Berlin after the Festival.

tale, with his alter ego protagonist suspended between the com-ing Revolution and private tempests, is wholly first-person-subjective. It was a mere "source" for Raine, who has

even-handedly rendered the other characters into their own pun-gent verses; the young poet Sertha is now matched against other operatic flesh-and-blood. Osborne has assigned music to them all with self-effacing sympathy - often in nostalgic ballad-form, slightly distanced - and set them among orchestral evocations of turmoil, trains and shipwreck. The format, then, is inti-mate snapshots on the margins of an epic panorama.

The piece is thoroughly interesting, manifestly heartfelt and yet wilfully elusive in effect. As colleagues on this page have remarked before, there's room for suspecting a tracture between authors' intentions and producer's style, but Sellars was

Commissioned by the BBC and actively involved in the project very seriously, we should hear sponsored by Vincent Meyer, The so early that his production – almost every word – but even in Electrification (after a Pasternak even with his latest departures the little Glyndebourne house we from the published text - can't can't. The sonority of Osborne's really be peeled off from the orchestration, often plangent and opera itself. At any rate, the staging is so busily fluid that the line (no fault of Elgar Howarth's ter on its surface, scarcely Strong playing goes a long way anchored by marks of place or toward establishing the feel of milieu. Even with a plethora of each encounter, even when the lenge to guess just where we're

he Festival. The Electrification is quite liter-Pasternak's almost plotless ally a "poetic opera:" ideally and



Elizabeth Laurence as

beautiful swallows up many a intimate vignettes bob and skit- assured, faithful conducting). projected titles, it's often a chal-sense has to be conjectured: Omar Ebrahim repeats his doughtily febrile Serezha, and Elizabeth Laurence is a deeply affecting Anna, the young widow who fights shy of him. As the 42-year-old prostitute Sashka, 3 natural victim, Helen Williams (replacing Anna Steiger at short notice) looked improbably fresh and lovely, and sang with

unforced conviction. Hyacinth Nicholls sketches an intriguing character for Serezha's sister. Penelope Walmsley-Clark does as much for his flighty employer. Her husband and Sashka's are both played by the efficient Philip O'Reilly, and Pas-ternak himself - writing the story as it proceeds - is eagerly represented by Henry Herford. Wout Oosterkamp figures vividly in three roles. George Tsypin's tricky set flaps up and down, and its striated wall snakes into one new form after another to indicate new settings, but it retains its own obtrusive presence. Since the human vignettes are the essence of the piece, one keeps wishing it would kindly leave the

Atlanta Symphony/Festival Hall

David Murray

The Atlanta Symphony and their ductor's choice, for in the great their stirring and unanimous rec-200-strong volunteer Chorus are coda he kept the revolving pla-over here in force, and on Satur-no-and-timps bass line down to Throu day they displayed their Stravin-sky and Beethoven under the steady hand of Robert Shaw. After twenty-one years as their music director, Shaw - famous

sympathy. Good lower strings (the Symphony does not use violins or violas), wind ensemble

the merest pianissimo. There, the his singers' tone thin (and the above all for his eponymous Cho- was nonetheless moving, and othrale - is about to retire; this first erwise the choral work was satis-Atlanta European tour is by way fyingly clean-edged and well-of a grand farewell.

Among the solo voices Benjamin Luxon and Robert Tear were lusty and florid. Benita Valente excellent, though the first-desk and Janice Taylor less forward woodwinds were short of charac-but stylish. The cellos and basses ter in their fugue; planos a little deserved to count as another backward - perhaps by the con-vocal section, on the strength of

Throughout the symphony Shaw's sage nod to each salient extremely slow pulse stretched juncture was not always rewarded by a full-hearted "chordis et organo" section was orchestral response. The opening curiously mild), but the effect Allegro was plain but properly stern; the swift scherzo got itself fully together only for the repeat, though the horns rose splendidly Both of the chosen works got The Chorus attacked the finale straight, solid readings. Stravin- of Beethoven's Ninth Symphony sky's Symphony of Psalms was in full cry – a big, exhilarating shaped firmly and with evident sympathy God laws evident sympath instinct for enriching their individual parts, and the woodwind ensemble was raw. The efficient Atlanta players have not the patina of a seasoned Beethoven band yet. Still, the finale made

A great carry on about the Phantom and the Plow The Broadway season, with only Burn This, L. Scott Caldwell as and slick staging. They seemed to for a high-school group as the Walk in the Woods, Lee Blesseight new plays and a dozen new the mater families in August Wil-compete for the least attractive chorus line at Raymond's Revue ing's March play about a cuddly

musicals in twelve months, is son's Joe Turner's Come and more about what it was not, than Gone, and Ron Silver for best the Tony awards given out on Plow. Sunday evening were most notable for not being devoted to Andrew Lloyd Webber's Phantom of the Opera and David Mamet's Speed the Plow Phantom did win the award as best musical, but a small group had decided on a the best book and score went course of self-preservation, respectively to James Lapine and Stephen Sondheim for their frac-tured fairy tale. Into the Woods.

best costumes and scenic design for Maria Bjornson, best lighting for Andrew Bridge, best direction for Hal Prince (his 16th) and best acting in their categories for Michael Crawford and Judy Kaye. Anything Goes, the suc-cessful Lincoln Centre revival of the 1930s Cole Porter musical, won three - best revival, chore-ography (Michael Smuin), and featured actor (Bill McCutcheon). Besides Sondheim winning his fifth Tony, Into the Woods got a third Tony for Joanna Gleason as late for eligibility this season.

Carrie was supposed to be scary best actress in a musical.

Among the plays, David Henry Hwang's M. Butterfly produced the most awards, three, including best play, best directing (for John Dexter) and best featured actor for B.D. Wong, who plays the young Chinese man a French dip-lomat assumes is a woman during their twenty-year liaison. Three other plays won one each: Three other plays won one each:
Joan Allen as best actress for her performance in Lanford Wilson's over reliance on pyrotechnics

what it was. In the same vein, actor in David Mamet's Speed the

spreading the largesse among enough shows to hide the dismal-failing of the season as a whole.

Phantom ultimately walked off Chess, a late season opener, won

Phantom of the Opera opened too

few years in complaints about the growing dependence on Lon-don for its new musicals, New York now has to worry about a

future without even that

protagonist award. The winner, Bar. Currie, promptly closed after only five performances and 16 pre-views. It was a \$7m financial ised, with little back-up money, bloodbath. Terry Hands threw in but the machinery hauled in to five performances and 16 prethe towel. He managed to scare make a drive-in movie for one

with his valedictory farewell. His flats.

year's Broadway season as a whole

There was a rumour that the

the pants off Americans, not with scene would have paid for a num-his RSC production of Carrie, but ber of far more effective painted

words make one one wonder Chess is still running at the when Broadway will next see a Imperial, having garnered two coaster, giving the production its London transfer. "I think my col- Tony nominations for acting, leagues might dissuade me from even though the field was so nardoing any other musical – but row that three other musicals."

American chess section makes the most of her emotional rollers when she is a section makes the most of her emotional rollers when she is a section makes the most of her emotional rollers. The rest could be mistaken for the section makes the most of her emotional rollers when she is a section makes when she is a section make one one wonder when she is a section make one one wonder when she is a section make one one wonder when she is a section makes are the most of her emotional rollers when she is a section make one of the most of her emotion its one satisfying scene when she is a section make of the most of her emotion its one satisfying scene when she is a section make of the most of her emotion its one satisfying scene when she is a section make of the most of her emotion in the most of her emotion is one satisfying scene when she is a section make of the most of her emotion is a section make of the most of her emotion in the most of her emotion is a section make of the most of her emotion in the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make of the most of her emotion is a section make o they wouldn't need to." As a final won ten nominations each. Notamea culpa, he added, "I don't bly absent from the nominations

the soundtrack of a B-movie that would at least have had better chessboard of the West End pro-The Tony awards were spread with largesse on duction. In taking over from Sunday night, as if to disguise the failure of this

director Michael Bennett's original conception, Trevor Nunn has opted for realism, interpreted by designer Robin Wagner as giant concrete blocks, as though the play were set under a flyover. It seems particularly inappropriate for a book that demands scenes no awards, while Carrie, shying know anything about the Ameriawas Philip Casnoff whose characters as disparate as Bangkok in 1988 and Budapest in 1956, a new Physical Physica be a fiery inferno of rage and redeeming features. Singing "Pity revenge. In the production at the the Child" late in the second act ence as a five-year old plays chess with her father.

Carrie was supposed to be scary and it was, but not in the way show, just one example of the intended. After hyperiating for a myriad details mischosen for the growing dependence on London for its new musicals, New removed the sense of home-town the calld late in the second act the Child late in the second act chess with her tather.

Richard Nelson, well known on him seem even more of a whiner, specially with portentous lyrics of East/West relations, was hired to spruce up Rice's original book. But the plot remains a jumble of both sides of the Atlantic as a fascinating dramatic chronicler of East/West relations, was hired America gone amok that lies at actor, makes a lovable Anatoly, mixed-up emotions, glib politics the heart of the story. Rather the Russian grandmaster defector and weak narrative that reduces than highlight the meanness — curly haired, wiry and diffiunderlying every familiar ritual dent.

in Stephen King's original, Ralph
Koltai's set looked antiseptic and years in the West End, but it

Fig. War conclusion the CIA might

Frank Lipsius

Pilar Lorengar, Carol Malone and Jose Van Dam. Die Lustigen Weiber von Windsor and Coppelia rounds off the week. (34381).

von Windsor and Coppetta rounds off the week, (34381). Hamburg. Staatsoper, Carmen, sung in French, with Ruzs Baldani brilitant in the title role. Don Carlos stars Dunja Vejzovic. Kurt Moll, Leo Nucci and Kurt Rudi. Der Filegende Holländer has a strong cast led by Carmen Reppel, Ursula Boese, Bernd Weikl and Manfred Schenk. Don Pasquale is a well produced repertoire performance with Hellen Kwon, Paolo Montarsolo, Urban Malmberg and Kurt Streit. (351151). Cologue. Opera. Don Pasquale has Reinhard Dorn in the title role. Britten's Ein Sommernachtstraum is respectable with Paul Esswood, Teresa Ringholz and Harald Stamm. (20761).

(20761). Bonn. Opera. Kurt Rydi repeats his

much-praised performance in the

Josef Suk/Wigmore Hall

Max Loppert

away with the videos and giant | Suk is one of the finest violinists | Scots pianist, and the meeting of unsaid. Bloch's Second Sonata, in the world. To devotees the minds and sympathies proved affirmation is unnecessary, but at remarkably lively and fresh. One would expect the Czech violinist to "speak" the violin line of the late Janacek Sonata with all the Friday's recital one became conscious of a certain "image prob-lem" that keeps the violin-following hordes from flocking to his recitals. It is not the player's problem, of course: his refusal to offer predictable fare (Friday's wonderfully interesting and interesting a composer put into the contemporaneously produced Katya Kabanova. But Miss Tomes' equal idiomatic authority could hardly be wonderfully interesting and varied programme preceded Beeomatic authority could hardly be way of appearing to let the music predicted, nor a trenchantly vigthoven with Janacek, Martinu. and Bloch) and, more significant, his failure to sound like a "human gramophone record," that mana with machine-tooled gloss of the violin.

subtitled "Poème mystique," is a long outpouring of violinistic fervour for which the pianist must provide unerringly judged sup-In the "Kreutzer" Sonata Suk's

orous assertion of the piano part directing its energies forward that managed never to swamp was a revelation, at once strong was a unrilling start to the evening, and it set a standard displays of bow-arm skills, yet it maintained throughout. Martinu's Five Madriani Standard was surely not only the standard was surely not and wholly unsuperficial. There u's Five Madrigal Stanzas light, students in the audience who deft, deceptively simple studies, marvelled at Suk's technical were delivered with an economy authority – a quality inextrica-that left exactly the right amount ble from his musicianship.

Saleroom/Susan Moore Enthusiasm for ceramics

So great is the current demand a geranium pot - soared above for the very best that when its modest estimate of £60-80,000, works of art of the highest qual- and sold for £209,000. A rare kinseen in the saleroom. Yesterday, mate of £4-7,000. Christie's not only offered the most impressive group of early Chinese ceramics and works of art seen on the market for many years, but could boast that all of the star lots were making their auction debut. The market responded enthusiastically, spending some £3,014,990, and paying well over estimate for Poussin's "The Finding of items across the board. Only 5 Moses," saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way to be a saved for the nation by the paying way the paying way the paying way to be a saved for the nation by the paying way per cent remained unsold.

The Hong Kong trade took the four top lots. A magnificent, 39cm high Yuan blue and white jar, c1340-50, painted with bold ber after it had been purchased bands of large leafy peonies, scrolling lotuses and buddhist emblems, realised the highest the 1st Lord Clive of Powis Casprice of £495,000 (estimate in tle. excess of £400,000). More successful was a large Hongwu bowl, the National Museum of Wales painted in underglaze copper-red to leave the design of chrysanthemum branches and other buds white. It is believed to be the only early Ming underglaze

nands at £429,000. Another rare early Ming piece, a yellow ground saucer dish painted with bold sprays of contribution by the two institutions, almost doubled its estimate years of a 7-year cycle in London, by selling for \$220,000. A deep early Ming blue and white bowl used by its previous owners as

ity - or rarity - come on to the rande double gourd vase, painted market all estimates may as well with iron-red and gift, was still be forgotten. The same premium more spectacularly favoured, sellapplies to pieces never before ing at £132,000 against an esti-

Poussin saved for the nation

an unprecedented joint-owner

by the Getty Museum, via dealers Artemis, from the descendants of

Both the National Gallery and declared an interest in securing the canvas. When it became clear that the National Museum of Wales would not be able to raise the £7.25 million, even after the painted bowl with an exclusively National Heritage Memorial reserve-decorated design. Esti- Fund had made its largest ever mated at £300,000, it changed grant of £2 million, the galleries National Heritage Memorial grant of £2 million, the galleries decided to work in tandem to raise the purchase price.

and 2.6 years in Cardiff.

Arts Guide

the cast as suitably wholesome opened on Broadway after A

Opera and ballet LONDON

Royal Opera (Covent Garden). Elijah Moshinsky's stark production of Macbeth returns with the original baritone, Renato Bruson, in the title role, Elizabeth Connell as Lady Macbeth, and Edward Downes as conductor. For what may be her farewell appearances in London. Joan Sutherland leads a new production of Denizetti's Anna Bolena by John Pascoe. Richard Bonynge conducts, and the cast also includes Susame Mentzer, Dimitri Kavrakos, and John Aler. Jon Vickers, who was ill for the opening performances of the Mentzer, Dimitr's Avviators, and John Aler. Jon Vickers, who was ill for the opening performances of the Petar Grimes revival, hopes to return to the opera house this week. Other members of a first-rate cast are Josephine Barstow (Ellen Orford) and Victor Braun (Balstrode). John Barker is an authoritative conductor of the Elijah Moshinsky production. (240 1056). English National Opera (Colissom). In place of the cancelled Ken Russell Tamhäuser, Fidelio is revived with members of the original Wagner cast – Kathryn Harries, Graeme Matheson-Brucs, Nell Howlett and conductor Kees Bakala. Also in repertory: Nicholas Hytner's delightful new production of the Magic Plute, with Thomas Randla, Susen Bullock, Nicholas Folwell and John Connell, and the sparkling 1985 Hytner

nell, and the sparkling 1985 Hytner production of Handel's Kerxes, revived with the superb original cast, led by Ann Murray and Valerie

Masterson.
Rambert Dance Company (Sadier's Wells). The season opens on Tuesday with a gala performance, followed by a quadruple bill on Wednesday. (278 2915).

PARIS

WEST GERMANY

Berlin. Dentsche Oper. Fidelio is a Jean Pierre-Ponelle production. Tosca has fine interpretations by Pilar Lorengar and Ingvar Wixeli. Gotterdammerung brings Janis Martin, Une Walther and Spas Wenkoff together. Don Giovanni features

oduces, Lawrence Foster conducts Massenet, combing religious feel-ings with sensuality. (47.42.57.50). Palais des Sparts. Patrick Dupond and the Ballet from Nancy dance Réjart.

the Sallet from Nancy Gance separt. (48.28.40.90).

Théâtre de la Ville, Jorma Uotinen and her dancers bring their parformance of modern ballet from Finland to Paris for the first time.

NEW YORK

American Ballet Theater (Lincoln Center Opera House). Spring high-lights include the world première of Mark Morris's Drink to Me Only With Thins Eyes, set to Virgil Thompson's Score and Santo Loquesto's set, along with the new productions of Gaite Partsienne, choreographed by Leonide Massine, and Raymonda, choreographed by Mikhail Baryshnikov after Pepita. (362 8000). Ends June 11.

Mikhail Baryshnikov after Pepita. (362 6000). Ends June 11.

New York City Ballet (New York State Theater). To celebrate its 40th anniversary, the company has commissioned 20 works, including five with new scores, that punctuate the Balanchina, Robbins, Martins repertory with pieces by Lar Luvovich and Paul Taylor, among others. Ends June 25.

WASHINGTON

Royal Danish Ballet (Kennedy Center Opera House). In its week-long visit, the company performs August Bour-nonville's classic Abdallah and Napoli. (254 3770).

much-praised performance in the title role in Don Pasquale. Toeca is well done in Gian Carlo del Monaco's production with Natalia Troitskaya, Guiliano Cianella and Juan Pons as leads. Norma is revived with Mara Zampieri, who is outstanding in the title role beside Delores Zeigler, Lando Bartolini and John Macurdy.

Munich. Bayerische Staatsoper. Feuersnot stars Sabine Hass, Helena Jungirth. Hans Hopf and Walter Raffeiner. Le Nozze di Figaro has a cast led by Birgit Calm, Angela-Maria Blast, Wolfgang Brendel and Alberto Rinaldi. Die Sache Makropulos has Hildegard Behrens outstanding in the title role. Also in repertory: Un Ballo in Maschera and Onegia. Choreographed by John Cranko. (21851).

MALY

Rome. Teatro Dell'Opera. Pier Luigi Pizzi's production of Rossini's Mose. Conducted by Paolo Olmi, this is the

Festival in 1983, and includes son

manner and pre-packaged Juil-liard-style vibrato, are part of

what makes his playing so deeply satisfying to encounter. But these things evidently tell against him

with the larger London public -a crazily wasteful situation.

be there, Friday's concert was a

rare and rewarding occasion. The violinist has a new recital part-

ner in Susan Tomes, the young

For those discerning enough to

Festival in 1983, and includes some of the same cast: Cecilia Gasdia, Rochwell Blake and Simon E Alaimo, with Ruggero Raimondl and Jenny Drivala. (46.17.55). Turin. Teatro Regio. Co-production with La Scala, Milan, of Flavio Testi's Riccardo 111 (first performed in Milan in January, 1987). Produced by Virginio Puecher, designed by Pasquale Grossi and conducted by Roberto Abbado, with Tenor William Lewis in the title role. (548.000). Bologna. Teatro Comunale. La Grande-Duchesse de Gerlossian by Offenbach, produced by Giulio Chazlettes and designed by Ulisse Santicchi. The cast includes Elena Zilio, Jean Brun, Jean Luc Maurette and Pierrette Delange, conducted by Alain Guingal (52999). Florence. Sist Maggio Musicale Florentino, Teatro Della Pergola. Three works by Ivan Marko in music by Ravel, designed by the Maggio Musical Ballet Company. (2778236).

NETHERLANDS

Amsterdam. Muziektheater. The Netherlands Opera with the Dutch première of Nixon in China by John Adams, with libretto by Alice Goodman. Directed by Peter Sellars and designed by Adrianne Lobel. Edo de Waart conducting the Holland Festival Orchestra, with James Maddalen as Richard Nixon, Carolann Page as Pat. Sanford Svivan as Page as Pat, Sanford Sylvan as Chou En-lai and John Duykers as Mao Tse tung, (Tue, Thur). (255 455). Amsterdam. Tropeninstituut. Music and dance from Papua New Guinea. (Tue Wed). (Mauritskade 63, tel.568

The Hague, Danstheater, The Nederlands Dans Theater with the world première of Jirl Kylian's Kaguya-hime, a Japanese fairy tale set to music by Maki Lshii and performed by the Dutch Circle Ensemble and members of Japan's Kodo Ensemble. (Mon to Thur). (60 49 30).

June 3-9

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Tuesday June 7 1988

The French conundrum

opinion polls and the media do it, voters of any stripe are liable to decide their vote will make no difference, and stay away from the polling-booths. Both phenomena seem to have occurred in France on Sunday.

Mr Michel Rocard's Govern-ment had more excuse for complacency than most, being newly appointed by a President whom the electorate had decisively confirmed in office barely a month ago. Even without the encouragement of opinion polls Mr Rocard could reasonably expect the electorate to confirm its own choice and return a parliamentary majority committed to working with President Mitterrand on his own terms, as it did in 1981.

In theory that would not be the same thing as a Socialist land-slide but in practice the single-member constituency system would almost inevitably turn it into one. Perhaps because most of them can still remember the Socialist landslide of 1981 and its consequences, the voters this time behaved differently.

on the one hand, and of his main-stream conservative opponents Mr Jacques Chirac and Mr Raymond Barre on the other, both got a slightly higher percentage than their respective candidates in the first ballot of the presidential election. It is only in comparison with opinion polls that the result seems a serious setback for the former and a surprising recovery for the latter.

By contrast the extreme rightwing National Front has fallen back spectacularly from the 14.6 have not so far made it easy for per cent gained in April by its leader, Mr Jean-Marie Le Pen, to a mere 9.7 per cent, while the concerned the French brand of look at the succession of corponate the property of the politicians of the weekend, one commentation of the weekend of the weekend of the we

IT IS always dangerous in a democracy to take an election result for granted. When governments do it, their complacency can provoke floating voters to turn against them. When the turn against them. When the complex polls and the wedia do it. Sunday may well depend on the answer to that question, since many of last Sunday's abstalners will probably turn out now that the race has got so much closer and more interesting. At a guess, this might benefit the Socialists, since it seems likely that quite a few of the abstainers were people who had told the opinion pollsters they would vote Socialist but then did not bother because

Frame of mind

It still seems unlikely, though no longer unimaginable, that the outgoing conservative majority might scrape back in. Even if it did, it would do so in very differ-ent circumstances and a different frame of mind from its previous triumph of March 1986. Then it was united in its determination to reverse the policies of an unpopular Socialist government and divided mainly on the choice of tactics for dealing with a lame-duck Socialist President. Now it would face a re-elected President of undoubted moral authority who, rather than hand over the reins of government gracefully as he did two years ago, would An unprecedented number of structing the new government them — 34.3 per cent — failed to show. Of the votes that were cast, the supporters of Mr Mitterrand on the one hand, and of his main and his ma

He will also seek to do that in the will also seek to to that in the more likely event of a narrow Socialist victory next Sunday, possibly using the argument that the centrists must join the majority if they do not wish to force the Socialists back into alliance with the Communists. He deserves to succeed, inasmuch as a centre-left government seems to be what the majority of voters want, even though the politicians have not so far made it easy for Communists have recovered no socialism poses no particular rate moves made by Mr Bond less spectacularly from 6.9 to 11.3 problems. What is more imporper cent.

It is difficult, at any rate until should enjoy the stability and In brewing, the most important in the recent blank of the succession of college moves made by Mr Bond over the past 18 months to undertaint is that the government stand why this might be so. a lot of psephological spadework continuity that comes from a relithese figures reflect an actual bined with a broad base of sup-switching of support and how far port in the country.

Fading zeal for tax reform

THE THATCHER Government's distribution of the tax burden third term is barely a year old. also reflects other factors, such Yet enthusiasm for tax reform as the negative impact of higher already appears to be waning. Shortly after the Budget in March, Mr Nigel Lawson said his programme of reform was essen-tially complete. The same complacency is evident in a pamphlet on tax reform, published yesterday by the Conservative Political Centre. The Chancellor claims credit for a series of path-breaking reforms, but devotes no space to the challenges that lie ahead. Mr Lawson's lack of zest is Mr Lawson's lack of zest is understandable — he has delivered five Budgets — but also regrettable: a keen reformer at Great George Street could achieve a great deal before the constraints of the next election begins to bite.

begin to bite.

The Chancellor does not make the mistake of equating tax reform with reductions in tax rates, although he evidently takes considerable pride in the latter. Indeed, the pamphlet shows traces of the supply-side fervour that once engulfed Washington. Income tax cuts, it asserts, have succeeded in shifting the burden of income tax from the great mass of the population to the better off. This financial year, the top 5 per cent of taxpayers are expected to shoulder a slightly larger propor-tion of the total income tax burden than in the last year of the Labour Government.

Spreading load

This egalitarian spreading of the load might seem calculated to irritate the libertarian wing of irritate the libertarian wing of the Tory Party. Fortunately for them, it is not quite what it seems. What Mr Lawson fails to mention is that the distribution tax rates down – the Chancellor of income has become markedly nine years. The modest increase in the proportion of income tax funded by the rich is scarcely funded by the rich is scarcely surprising given that they have claimed a bigger share of the national cake in recent years. The share of their own income that is taken in tax has fallen substantially, much faster than that of the lower maid. that of the lower paid.

unemployment on the incomes of

Fiscal neutrality

Mr Lawson does not doubt the merits of tax cuts, but he is sur prisingly ambivalent about "fis-cal neutrality". He pokes fun at the "purist" tax reformer and rid-icules the "level playing field fanatic." The role of the Chancellor, he maintains, is not to "drive his steamroller up and down the pitch, until he has levelled every hummock and filled in every hole." He should instead be the kindly dispenser of "carefully considered" tax incentives. Mr Lawson and Sir Geoffrey Howe, Mrs Thatcher's first Chancellor, have supplied plenty of these
-obvious examples include the
tax concessions for small businesses, personal equity plans and profit sharing.

This pragmatic approach to tax concessions is calculated to appeal to reasonable men. But it is dangerous: every tax relief now considered unhelpful was once advocated in good faith by interventionist economists. The additional tax concessions for twoearner couples were explicitly designed to get women out of the home and into the labour force. The encouragement of collective investment by pension funds was a deliberate public sector policy. The huge incentives for home ownership were similarly a deliberate attempt to modify behaviour in pursuit of socio-economic goals. earner couples were explicitly

thinks most people will consider a top rate of 40 per cent reasonable – and more about levelling of those about 60 set off and 25 to the tax base. The present concessions for housing, pensions and marriage have no economic justiman, Ted May, tried without a fication and should be phased, out. The creation of a fair and efficient social security tax is an equally pressing priority: a wide spectrum of opinion accepts that the present structure of national

Chris Sherwell looks at the record of Alan Bond, aggressive Australian entrepreneur

Testing time for the tall poppy

AN AUSTRALIAN merchant out of the capital markets with banker was once asked what he its sophisticated and complex thought of the Perth entrepre-fund raising efforts. neur Alan Bond. "He is one of those almost unique fellows," the banker was reported to have replied, "who measure wealth in the amount they can borrow rather than the amount they

Just how much Alan Bond is in debt to his creditors, no one except perhaps Mr Bond himself knows. But it is a question many people are asking following the mercurial 50-year-old financier's latest business foray yesterday -a A\$850m (£368.7m) bid for Mr Robert Holmes à Court's Bell

Beer, public houses, television, radio, newspapers, property development, gold mining, oil, trucking, earth-moving, textiles, financial investments – the British-born former signwriter will be involved in all of them. And that is before you include his legendary America's Cup yacht-racing exploits.

ing exploits.

Merrill Lynch, the US investment bank, recently did an analy-sis of Bond Corporation Holdings, the principal public company in

Brewing is the empire's great cash generator, against which it raises the bulk of its borrowings

convertible bonds.

What is more, the analysis said nothing of the debt of Dallhold Investments, the family company through which Mr Bond controls 51 per cent of Bond Corporation.

Dallhold is a private company and comprehensive figures are not available.

According to some analysts, Mr Bond is now Australia's most highly leveraged entrepreneur. At the weekend, one commenta-

of the group's activities, Bond Corporation's purchase of the G. Heileman Brewing Company in the US last September for US\$1.3bn (£724m) added to its (much smaller) operation in Pittsburgh and its well-known Swan and Castlemaine Tooheys busi-nesses in Australia. Bond is now the world's fourth largest brewer.

The business is important because it is the Bond empire's great cash generator, against which it raises the bulk of its borrowings, mostly on a non-re-course basis. The group is rarely

Beer is also the key to under standing why last October's worldwide stock market crash has barely affected the Bond has barely affected the bond group's financial standing. According to Merrill Lynch, the group's strong, reliable cash flows from brewing will amount to 50 per cent of earnings before interest and tax next year. According to conventional wis-dom, brewing is recession-proof.

Some analysts believe Mr Bond will emerge from the Bell take-over with his eyes on Allied Lyons, the British group which, for a few months in 1986, became Once he secures the company a target for his Australian brewand its cash-rich offshoot Bell ing rival, Mr John Elliott's Elders Resources, Mr Bond will be like no other figure in Australia's extraordinary corporate culture. Beer, public houses, television, radio, newspapers, property

tions businesses, Mr Bond has been just as aggressive. He bought the Australian Channel Nine network from Mr Kerry Packer in May 1987 for an aston-ishing A\$1.1bn, but his subsequent float of Bond Media was a disappointment, with a 27 per cent shortfall. Since then the share price has failed to reach its original offer price of A\$1.55.

Nevertheless Mr Bond has 59 per cent coverage of the Austra-lian population, just below the permitted ceiling. He has stations in four state capitals and a stake in two others in north Queensland. Acquisition of Bell Group will give him the cash-generating West Australian newspaper group; the prohibition on media cross-ownership will force him to sell it or his Perth television sta-

On top of this Mr Bond has a network of Australian radio stations, the direct broadcasting Sky Channel service to Australian pubs, a 30 per cent stake in Hong Kong television, 25 per cent of TV-am in Britain and 25 per cent of the British Satellite Broadcast consortium, which has a 15-year franchise to provide four new television services in the UK.

Most controversially of his recent activities, his Hong Kong company Bond Corporation Inter-national has paid US\$122m for 30 per cent of the Chilean telephone company and will pay a further US\$155m through a rights issue to move to 45 per cent. The acquisition has been criticised by human rights activists in Chile and Australia, but it is directly related to his ambition to create a global communications opera-

Bond Corporation International has also proved an important vehicle for Mr Bond to expand his considerable property In 1987 it paid HK\$ 1.9bn (£131m) for the huge Bond Centre in Hong Kong, then quickly sold half of it to EIE of Japan for a

cleared an overall profit of HK\$ 390m. Mr Bond also bought a 300hectare (741-acre) site outside Rome recently, for redevelop**Ashley Ashwood**

which it bought from Hongkong
Land when starting up in the
British colony in 1986. It said it
cleared an overall profit of the property in Sydney's business district. Only yesterday his son and heir apparent, John (32), announced the details of a 79-sto-

January he paid a record A\$306m planned 95-storey Skytower largest in the world.

to lease a federal government which the authorities would not One new question accept, but will still be the city's tallest - just as the new 48-sto-rey R&I Bank building in Perth is that city's highest.

Mr Bond has a number of other interests - a 75 per cent-owned joint venture to sell South Karean Hyundai cars in Australia, for example, 48 per cent of Airship Industries, which has a USS 170m contract with Westinghouse to produce airships for the US Navy, and a stake in the Perth merchant bank, Rothwells, which merchant dank, kolinecis, which he helped to rescue after last October's share market crash. He is remembered by companies which have crossed his path — like Thorn EMI, which sold him its Corsen Entertainment.

him its Screen Entertainment division, and like Cannon Films, which bought the division from him. The transaction gave Mr Bond a healthy profit, but it almost broke Cannon. He is close to Labor Party lead-

ers both in his state of Western Australia and nationally - Mr Bob Hawke, the Prime Minister, calls him a "mate." In Queen-sland he is turning unused land on the Gold Coast into Australia's first private university, called, predictably enough, Bond

But it is in resources that some of his most interesting developments are now expected. Bond Corporation has oil exploration and production interests in Australia, the US, Papua New Guinea and China, and also some coal interests, but the real excitement focuses on Mr Bond's gold assets.

Over recent years Mr Bond has built up a complicated pyramid of controlling interests in numer-ous Australian gold companies – Mid-East Minerals, Metals Exploration, North Kalgurlie Mines, Gold Mines of Kalgoorlie, Kalgoorlie Mining Associates and Kalgoorlie Lake View.

These are controlled through Dallhold Investments. Last August Mr Bond went further, acquiring St Joe Gold Corporation of the US from Fluor Corporation for US\$ 500m. Having taken it private, he is now in the process of refloating it, with some of his Australian interests. as Bond International Gold -

as Bond International Gold - known, appropriately, by its acronym, BIG.

Full details are awaited. But the flotation is being handled by Goldman Sachs, and the new group is likely to be listed in New York, London and Tokyo as well as Australia. The October crash held up plans for the float, and further unexplained delays have further unexplained delays have since occurred. Last month's decision by the Canberra Government to tax gold mining companies from 1991, however, is thought not to have altered cir-cumstances dramatically.

Long a "gold bug," Mr Bond expects his mines to be producing around 11/m ounces of gold in 1989. In particular he is devellargest producer, Western Mining whole of Bell Group has been Corporation, and make his individual gold interests among the porate regulators.

which Mr Bond already has a 7 per cent stake. Bell Resources has oil and cost

interests. 10 per cent of Broken interests, 10 per cent of Broken Hill Proprietary (BHP), the oll, minerals and steel giant which is Australia's largest company, and a stake in BHP Gold. One much-canvassed suggestion is that Mr Bond might back his gold inter-ests into Bell Resources. Another is that he might divest still more is that he might divest still more Bell Resources assets, especially the eminently saleable BRP stake, and use its cash mountain to launch an assault on Allied

A sale of assets held by Bell Group is also possible: it has a trucking, earth-moving and tractors business as well as ita lucrative newspaper operations.

Still another, more theoretical possibility, would be the creation of a London-based financial services group. After all, Bell has interests in Standard Chartered Bank, and in the insurance broken. kers Dewey Warren (which in turn has a small stake in the merchant bank Morgan Grenfell.) Bond Corporation, meanwhile, owns 10 per cent of MAG, the unit trust group.

All this is a long way from 1950, when Alan Bond, then 13, travelled to Perth with his purents from Ealing, London.

Prime Minister Bob Hawke calls Bond a "mate" . . .the country's first private university will be Bond University

Apprenticed as a signwriter, be married at 17, started his own business at 19 and was a millionaire two years later. In 1974 be almost went bust and had to be rescued. That taught him the importance of a strong cash-flow business. But it did not stop him

After a false start in oil, he moved into brewing and never looked back. Long before he won

Five years of unrestrained expansion later, he has the chance to become the undisputed corporate colossus of Western Australia, and perhaps the country's most powerful entrepreneur in short, what Australians call "a tall poppy.

Many are therefore anticipating his fall. Some banks, brokers Kalgoorlie, currently the main not go near him for the risk and focus of the third gold rush in uncertainty involved. And Australia's history. In size, he though the company denies it, no will match or exceed Australia's one doubts that its bid for the

One new question is whether the acquisition of Bell Group will Bond's finances may never be reshape things further, because Bell Group owns 43 per cent of the cash-rich Bell Resources, in ing test yet.

Challenge of the channel

■ Three new Channel swimming records could be set this year if all goes to plan which very rarely happens in this masochistic chal-lenge mastered by an elite band of 220 men and 108 women. Matthew Webb started it in

1875 when he took nearly 22 hours to swim the 21 miles to France. The time has been whit-tled down since to 7hr 40min by the Californian Penny Dean who

set the record in 1978.

That should go this year if the man who has most of the other records, 23-year-old New Zealan-der Phillip Rush, can repeat the form which last year took him to only the second three-way cross-

His time of 28hr 21min was a new three-way record after he had already beaten the two-way record and achieved the fastes time from France to England 8hr 15min. His England to France time was 15 minutes outside

This year could also see the first crossing by a septuagenarian when the 71-year-old American, Ashby Harper, attempts to regain the oldest swimmer record from Australian Clifford Batt who at 68 beat the record Harper set as a 65-year-old.

Most swimmers do the front

crawl, but Jacques Bayle has booked an August attempt to be the first person to swim it back-

About 70 to 80 people register attempts with the Channel Swimming Association every year and of those about 60 set off and 25 to boat, taking his meals on a small raft. He was fished out by a pass-ing boat but went back for another go and his body was found washed up in Holland a

month or so later.

Some have swum it more than once but none more so than Mike Read, an animal feed nutritionist, of benefit when here it most not a constitute of the consti supply-siders will say that tax insurance contributions is indecrets have encouraged the better off to work harder and declare more income. That may be partially true, but the change in the company to the present structure of national month of 30 later. Some have swum it more than once but none more so than Mike Read, an animal feed nutritionist, of Ipswich who has 31 crossings to his name.

OBSERVER

Audrey Scott, the association secretary, applies the rules quite rigorously: no flippers, no wet-suit, and no one touching the swimmer in the water. Yes, she had heard of the French soldier, Jean-Marie Saletti, who is said to have jumped a prison ship moored off Dover and swum to Boulogne in 1815, "But it would not count because he didn't start from dry land".

Warburg's new face ■ Warburg Securities has been stepping out a bit lately. The firm used to pride itself on never advertising. Recently, however, ads have started appearing. "You wouldn't expect us to go in for singing and dancing and razznatazz," said a spokesman: "They're restrained and refined."

So restrained indeed that many But they are there and the plan is to develop the campaign for the whole Warburg group. At present they concentrate on research activities. Eventually the full range of product will be seen that the sound open in the world of beauty contests.

The carts at the Tower Hill range of products will be full range of products will be seen to the world of beauty contests.

His former wife, Vicki, was crowned Miss Blackpool and made the finals of the Miss. the full range of products will be

covered. Warburg Securities introduced

the new publication are seen as complementary. The Warburg man added that it would not be their language to say that they are raising their profile.

City smells

■ The Mazawattee Warehouse which once dominated Tower Hill and the Church of All Hallows was destroyed by bombing in the second world war. The surviving vaults are to become London's answer to the Jorvik Centre — Week. If she does so, she is likely heures.



"If you can't sleep, try counting base rate changes."

York's sounds and smells experi-

The carts at the Tower Hill Pageant, which should open in 1990, will take visitors through a series of historical dioramas depicting the history of London.

Smells are included here too, warburg Securities introduced another first this week: a new quarterly called international Asset Allocation which, incidentally, is bullish about both the US and the UK for the remainder of this year. The firm has decided that no one else in the City offers quite this sort of market overview.

The advertising campaign and The advertising campaign and Culverin Consortium Ltd,

Culverin Consortium Ltd, headed by Andrew Hamilton, is carrying out the £8m conversion.

Work on the underground complex on three levels is to start in the autumn.

Antique lobby

to run into some pretty heavy lobbying. Unfairly perhaps, she has never been terribly popular in the arts world which tends to talk about Tory cuts rather than ory opportunities.
Still, some of the antique dealers are honest enough to recognise that without Thatcher's economic policies, their businesses might not be quite so flourishing.

There is, after all, a lot of money around. The lobbying will be about 1992 and the proposed harmonisation of Vat. If it goes ahead, the trade says, the future of the whole London art market will be at risk as the big dealers and auctioneers switch their operations to Geneva or New York.

It sounds familiar, but will she fall for it in an unfamiliar world?

King of the Queens Owen Oyston, the Lancastrian businessman who stepped in briefly, but unsuccessfully, to rescue the left-wing and deter-minedly non-sexist News on Sun-

made the finals of the Miss United Kingdom contests. The couple were married in 1962, and according to him have remained

aire" is inaccurate, sees nothing distasteful in the annual swimworld contest can show people that beauty can evolve from keeping fit and eating the right foods," he says.



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Voting rights are still restricted

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Challenge

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first

From Mr Trevor Russel Sir, The Government's intention to ease restrictions on the voting rights of British citizens living overseas by extending the present cut-off period beyond five years is welcome, of course. But why are ministers still refusing to do the obvious (and right) thing abolish the time limit alto-

Because - as the Government's consultation paper makes clear - they persist in believing that the longer someone lives outside the country, the less their interest in, or knowledge of, UK affairs. This is untrue - and besides, since when has an interest in or knowledge of UK affairs been any kind of requirement for people tiving in the UK to vote?
The fact is that any time limit is purely arbitrary, and unfair. There is neither logical nor moral justification for keeping such a restriction. It should not have n imposed in the first place: it should certainly be scrapped now. And if the present Govern-ment really is a "radical, reforming and caring" one, it will do so. Trevor Russel, 45 chemin de Planta. 1223 Cologny,

This man's art and that man's scope

From Mr K.T. Shute Sir, Dealing in fine arts has always been a competitive business. However, I did not realise how far some of our competitors were prepared to go in order to attract new custom until I read of an art gallery which appears to provide " . . Supper from 10pm-3.30am. Disco and top musicians, glamorous hostesses, exciting floor shows" (FT Business Oppor-

tunities section, May 30).

We are proud of the fact that we have been in business for over 300 years but, clearly, we have failed to move with the times. We are therefore drastically reviewing our marketing strategy and I have reserved for myself the wearisome chore of interviewing potential glamorous hostesses. Telford Shute,

Limited deficit clause introduced

From Mr J.C.V. Lang. Sir, Mr Tom Benyon doubts (Letters, June 2) that any Lloyd's of London agent would introduce voluntarily a profit commission deficit clause. We would point out that this agency voluntarily introduced a limited deficit clause after the 1983 account loss

of syndicate 582.
If can be seen, therefore, that we believe in principle that the concept of a voluntary deficit clause is equitable, although it is important to consider carefully all aspects of both vertical and horizontal deficit clauses before introducing them; there are more complications and implications than might at first appear to Names (members of Lloyd's).
I.C.V. Lang,
Cassidy, Davis,
St Helen's,

1 Undershaft, EC3

Lords of our far flung battle line

From The Marquess of Aileshary. Sir, Perhaps it will reassure Mr Stanley Best (Letters, May 25), who worries about insufficient independence in the House of Lords, if I reveal that part of Lord Ponsonby's problem is that socialist reinforcements sent up to the front do not invariably remain within the socialist

trenches. Ailesbury, House of Lords, SW1

Like two front legs competing with two back legs in order to run faster'

From Mr A.R. Cooper.
Sir, So the tablets have come
down from the mountain, and a White Paper on electricity "privatisation" has been rushed through. The proposals, so far as they are comprehensible, would be hilarious if they were not so devastatingly disturbing and

The generating plant of the Central Electricity Generating Board (CEGB) is on some basis to be split into two groups: one large – Big G, with all nuclear power stations; and one smaller – Little G. These two groups are supposed to compete with each other in order to reduce the ultimate cost of electricity to the

It would be like putting the two front legs of a racehorse in competition with its two back legs in order to make it run fas-

Groups of stations cannot compete with other groups. Even sta-tions cannot compete with stations if the lowest overall cost is to emerge. The order of merit (on which the whole financial perfor-

From Mr J.W. Baker. Sir, In their report, "Coal on the Market: Can British Coal Survive Privatisation?" Mr Prior and Mr McCloskey state that the Central Electricity Generating Board (CEGB) would not achieve a C750m saving from importing 30m

Our figure of a potential £750m saving derives either from importing Som tonnes of coal at

Letters to the Editor

Let us above all be objective

From Mr A.H. Hart. Sir, I welcome a vigorous debate about the future of the south east region of the UK if it leads to a more active Government approach to regional issues. am a strong supporter of the Government, but I do wish it would oil the wheels rather more in the interests of spreading the development benefits.

The debate has concentrated on housing numbers. This obscures the vital point that future demand for housing is in part a result of the south east's economic success. To the extent that this success should continue, more housing will have to be provided. This is the real problem facing the west of the region. and the Government should

address it in regional terms.

There are other parts of the south east which can take further development. Kent County Council aims to stimulate business activity on this side of London, and to meet its share of the new housing requirements. In doing so we take the Secretary of State's point that planning is about balancing the need for development with environmental concerns. We hear a lot from the latter lobby, but must pay objec-tive regard to the former. Kent ds considerable development.

My main disagreement with the "stop development" lobby is its assertion that current trends will lead to the urbanisation of the whole region; in Kent we are supposed to be in danger of "building until you reach the sea." What nonsense: a look at aerial photographs shows how

A.H. Hart, much of the region outside Lon-don is green. Some areas on the County Hall,

Land rationed by price

From Mr V.H. Blundell. Sir, Your editorial on the surge last land tax - the rates - but of house prices (May 31) does not so foolish to imagine the sigmuch to throw light on the causes of this vexing problem. But not quite enough . . .
The prices of bricks and mortar

are determined by supply responding to demand, as with most goods on the competitive respond "readily" or otherwise, mentation. being fixed in supply. Rationing V.H. Blundell, by price is the consequence.

14 Tensing Garde

It is indeed regrettable that the Billericay, Essex

Strategic planning's task is to in 1981. focus on the significant areas As we focus on the significant areas As we enter the second decade which remain, where well- of a grossly distorted indepenidentified as such an area in Well-planned" is the point.

opment arises from the resulting suburban sprawl, and its lack of associated services and amenities. Developers are in this sense their own worst enemy. District Councils need to make imaginative proposals for new

forms of development in local plans. We need schemes in which a proportion of the leap in land values arising from a planning permission is used to improve the local infrastructure, provide some low-cost housing and give a 'sorawl'

In short, let us have some positive thinking, regionally and locally. Let us above all be objective. I am afraid that some of my political colleagues view of "sane planning" is based on an ill-informed, alarmist and emotional view of the situation.

other side of London are more Maidstone, Kent

Government has abolished the nificant effect a straightforward direct land-value tax would have had on land - and thus houseprices. We have already seen this effect in reverse, I submit that direct credit controls would be a betrayal of market principles and market. Not so with the land an act of despair, when the true underneath, which cannot remedy is crying out for imple-

14 Tensina Gardens



Theft should not be tolerated

From Mr Bruce Gifford. Sir, At last it appears that Brit-ish business is starting to take the problem of employee theft dures such as observation, interand fraud seriously. ("UK com-pany fraud costs £5bn," May 31). Physical and electronic surveil-Employers are far too complalance measures are not and can-not be wholly effective. Employ-ers are now trying to eliminate the fraud and "shrinkage" prob-lem at source — at the employee

recrnitment stage - by using attitudes to honesty testing.
We have developed and refined a test which helps employers a test which nelps employers identify honest — and emotionally stable — job applicants, based on the psychological tenet that "attitudes predict behaviour." It identifies job applicants who are high risk. It is not designed to replace but to com-

mance is based) continuously looking for causes and applying compares the incremental cost of remedies which make sense, not production of each generator and in breaking down a system which allocates loads on this basis. is regarded as a world leader.

The whole grid system, which by a stroke of the pen. Other mathas been operating for 30 years ters – approval of budgets, overand more, is showing signs of wear and tear; it is being chase of properties and the like replaced or refurbished over a could be the subject of continuous management audit by a stroke of the pen. Other matters – approval of budgets, overmanning, general expenses, purchase of properties and the like – could be the subject of continuous management audit by a stroke of the pen. Other matters – approval of budgets, overmanning, general expenses, purchase of properties and the like – could be the subject of continuous management audit by a stroke of the pen. Other matters – approval of budgets, overmanning, general expenses, purchase of the pen. Other matters – approval of budgets, overmanning, general expenses, purchase of properties and the like – could be the subject of continuous management. business: supplies have to be maintained while services are being replaced. It calls for the closest continuous co-operation between the transmission people and the station operators. If serions interruptions of supply are to be avoided, the operations of the freedom to purchase their sup-two groups will have to be man plies from any source and even to aged by a single body. They should not be separated.

Mr Cecil Parkinson, the UK and power. Secretary of State for Energy, All these denounced the CEGB as a by legislation monopoly, It is a monopoly, but so is every system where con-sumers cannot switch to another supplier. If the price of electricity seems high, the solution lies in

about half the average cost of £42

selves suggest that the average against this analysis, why the the report's conclusions. cost of coal from UK sources CEGB's ambition to reduce its cost of coal from UK sources coal bill by £750m should not be a coal bill by £750m should not be a coal bill by £750m should not be a realistic objective.

Assuming that British Coal can achieve production costs about 525 per tonne pithead by introduction costs.

plement personnel executive judgement, used in conjunction with standard examination proce-

Employers are far too compla-cent about dishonest staff. Experience confirms my belief in the ET-ET formula (employer tolerance equals employee theft). Until employee fraud/theft/ shrinkage is treated by employ-ers and the media with equal seriousness as crime in the streets (and crime in the City) the problem will continue to

After taking operational constraints into account, the best in the price of electricity is fuel. will generate most; the worst. This is currently dictated by the

small committee. This committee could also act as an ombudsman between the consumers, the area boards and the CEGB, and as a Government. The Area Boards could be privatised and given plies from any source and even to build their own small stations, preferably with combined heat

All these things could be done structure.

What the galloping privateers have failed to observe is the dam-age they are doing to the morale Hove, East Sussex

If, as the report suggests, 30m cing flexible working practices,

John Baker, Central Electricity Generating £25 per tonne pithead by introdu- 15 Newgate Street, EC1

Déjà vu in radio industry development

From Mr Paul Boon. Sir, News - if correct - that the Government is now unable to allocate enough time in the next Paritamentary session for a Radio Broadcasting Bill, is more than just a little inconvenient.

To members of my association built up than others; this should (would-be new entrant broadcastbe reflected in an overall regional be reflected in an overall regional ers) it brings a sense that we view. Extensive countryside is have all been this way before. protected from development: the There has been uniform failure to proper "Green Belt," between 12 achieve any kind of tangible and 15 miles deep around Lon-development for the industry per don; areas of great landscape or se since the former Home Secretary value; good farm land. tary, the present Lord Whitelew, This protection must continue. first mooted a Green Paper back

planned schemes can meet develdent radio market void of effective competition, we have obviously failed in our objective to convince ministers of the size of "Well-planned" is the point the problem. The industry is set Much of what has been built is to expand four fold to about unattractive. In my experience, a £310m a year. This would be great deal of opposition to devel-through the organic growth from over 250 licenced local radio operators, plus three nationals. All new stations would offer consumer choice in a comparatively free market, while at the local level they would stimulate eco-nomic growth in hundreds of towns as well as in the inner

Suppliers, manufacturers and would-be operators who (like us) have a healthy respect for such ideals, have repeatedly put some low-cost housing and give a together business plans and high quality environment. Let us sought out investors. Once again take a hard line against the time spent will have been wasted. money will have been lost, and credibility with the business community impaired.

It is as if Government is making it deliberately difficult to raise investment - because the goal posts regarding the timetable keep changing. Broken promises and vagueness are no foundations on which to build a secure industry. Further delay is wholly unjustified.

Paul Roon Association for Broadcasting Glebelands. Pilarims Way.

Titsey, Oxted, Surrey Class warfare

simplified From Mr A. Edwin Stevens. Sir, The international air travel

survey, European Data and Research Report, mentioned in your issue of May 28, states that European travellers are sceptical of the value of "first" and "business" class seats. Half the business travellers fly "economy class on the short continental

British Airways (BA) has sought to popularise "cabin" class, but my recent experience (not with BA) has demonstrated that the present aircraft are not designed to accommodate three s - first, cabin and economy. On one recent flight, cabin class was a high-sided box in the middle of the aircraft, with the entrance through the forward door, passengers were prevented from sitting until the door was

The railways have long given up first, second and third classes and have settled for first and second. Would it not be appropriate for the airlines to offer first class at, say, about 50 per cent above the price of second class, which would then take the place of economy? A simple calculation shows that if half the passengers travel first class, the income could be greater than with the present economy class plus two superior classes. There would be greater simplicity and comfort for the many who now find cramped conditions in economy class, and who would be willing to travel first class at a reason able extra charge.

The survey indicates that nev thinking is required. May I com-mend the modified first and second class for consideration – and the elimination of the undesirable word "economy" A. Edwin Stevens,

Littleworth Common Road, Esher, Surrey

of people in the industry. Apart from the area board chairmen who see wider opportunities ahead, there is hardly an employee - from the highest technical level to the unskilled workers - who does not feel that the future is now insecure, that any form of forward planning is impossible, and that at the end of

the day electricity will be dearer The greatest single error of judgement in the whole business is the proposal to create Big G and Little G. (This can become the electrical world's bad joke.) The proposal to split off the grid system from the generators has nothing to recommend it. (The correspondence columns of the technical press are flooded with condemnations from people who know their business.)

I wonder if the Secretary of State is big enough, even at this late hour, to say: "Sorry, chaps, by legislation over a period, with-out tearing down the present Let us rub things out and start

per tonne that we pay to British tonnes of imports could further case for a massive reduction from British Coal in the face of authors of the report seem to be in the price of its coal is proven. I that pessibility.

envisaging savings of at least feel sure that the electricity conprior and McCloskey them
1900m in total. It is hard to see, sumer will take great comfort in

PERHAPS the greatest surprise of last week's Moscow summit was that President Reagan turned out to have meant it when he said beforehand that, for him, human rights was the first item on the summit agenda. With hindsight, however, there are two fairly obvious reasons why Mr

Reagan should have chosen to

play it that way.
In the first place, arms control the traditional centrepiece of superpower summitry, was not ripe for another major push. Contrary to what both Mr Reagan and Mr Corbachev claimed to hope when they parted in Washington last December, the strate-gic arms reduction treaty is not yet ready for signature, and it would clearly not be in the US's interest for Mr Reagan to appear to be in too much of a hurry to

The other two headings on the US-Soviet agenda, as presented by the US, are "regional" (Third World) conflicts and bilateral issues. Undoubtedly in both these areas there has been significant progress, and a lot of the serious talking at the summit must have been devoted to them. But the essence of regional conflicts is that they involve other parties besides the superpowers them-selves, and those other parties are liable to take offence and become unco-operative (or even less co-operative than usual) if the superpowers appear too biatantly to be trying to settle their

affairs en tête à tête. Even the setting of September 29 as a target date for an agree-ment on Angola and Namibia the summit's one public decision on a regional issue - has already upset the South African Government. The myth that Roosevelt and Stalin agreed at Yalta to redraw the man of the world remains a potent one, and smaller powers are forever on the lookout for a repetition.

As for bilateral relations, that is an area where any improvement tends to be seen in America as a concession by the US, unless clearly related to an improvement in the Soviet performance on human rights. Which brings us round to the second reason why it should have been foreseen that Mr Reagan would emphasise the human rights theme, and would probably have done so even if there had been another major arms control agreement to ign as well.

The better US-Soviet relations get, the more Mr Reagan lays himself open to the accusation of having forgotten the platform on which he was elected, namely the uncompromising defence of the free world against Soviet communism coupled with the rolling back of communist tyranny. where possible, through support for anti-communist liberation movements: in short, the accusation that he has gone soft.



Tête-à-tête, toe to toe

clearly reversible, and potentially dangerous, when it was Mr Reagan's turn to visit Moscow. For a head of state to visit a country implies a degree of recognition

loud and clear by many of his Moscow has fulfilled all its oblioriginal supporters last winter, at gations under the Helsinki Final the time of the Washington sum- Act. Had Mr Reagan wished to mit and the INF treaty. Mr Rea- pretend otherwise he would have gan was able to parry it partly by exposed himself to instant ridi-defending the substance of the cule by people like Natan Shchartreaty, partly by saying that Mr ansky. Mr Shcharansky pointed Gorbachev is different from his out in the New York Times just predecessors (which is manifestly before the summit that one of his true), and partly by saying it former cellmates is still in prison would be good for Mr Gorbachev precisely for trying to monitor to see American freedom for him. Soviet compliance with the Helsinki accord, while another is But that last argument was still serving a sentence for protesting against the banishment of Andrei Sakharov, even though Dr Sakharov himself is not only back in Moscow but accorded the facilities of the Soviet foreign

and acceptance of its political ministry for a press conference.

arrangements considerably Of course there is much scope
greater than that involved in for argument about the "irrevers-Edward Mortimer defends President Reagan's decision to emphasise human rights

at last week's summit

meeting with its leader on neutral ground, or even in welcoming him to your own house. The spectacle of "grandpa Reagan" joining the tsar of world commu-nism for a walkabout and babykissing session in Red Square was foreseeable and inescapable. So was the message which that spectacle would carry. Clearly Mr Reagan was going to have to unsay, or at least declare no longer operative, his remarks about the "evil empire" - though ironi-cally it was not a Soviet but a sh journalist, Xan Smiley of the Daily Telegraph, who obliged him to do so explicitly.

To have left it at that would have meant implying that the human rights issue was effectively solved; and while there has been a spectacular improvement leave the Soviet Union than for interest (as old-style Soviet writ-in human rights in the Soviet any other Soviet nationality. The

ibility" of the changes Mr Gorbachev has introduced. Certainly they have made possible a wealth of public debate and agitation undreamt of in Russia since the immediate aftermath of 1917, and it is probably true that the strongest pressure for further liberalis-ation now comes from within. It could be that in certain circumstances the identification of this pressure with foreign powers will now become counter-productive, providing the opponents of such pressure with a chance to appeal to Russian xenophobia.

That may apply, in particular, to the continued singling out of Jewish would-be emigrants (refuseniks) for special attention. Thanks to Western pressure it is now much easier for Jews to ion that he has gone soft. Union under Mr Gorbachev, one number leaving with Israeli visas ing he may find it on a day-to-day. That accusation was voiced can hardly yet pretend that (supplied by the Netherlands basis.

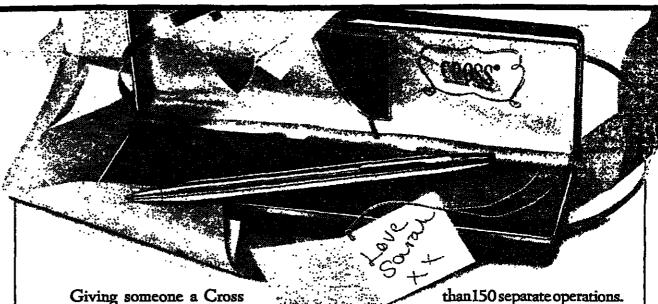
embassy in Moscow) continues to rise every month - in May it was over 1,100 - while the number who actually go to Israel has now fallen to under 10 per cent.

There is clearly a danger that the use of Israeh visas as a trans-parent escape route to the West, where many other Soviet citizens would love to go if they could, will fuel the revival of Russian anti-Semitism, and it would appear that Israel and the Soviet authorities have a common inter-est in restricting the issue of visas to those genuinely anxious to settle in Israel - something which could no doubt be negou-ated once Soviet-Israeli diplomatic relations are restored.

But that is hardly a valid argument for dropping the human rights issue as a whole, and if it were Mr Reagan would hardly be the man to take it up. Meanwhile, cases where foreign pressure clearly is effective continue to multiply: the latest being the last-minute granting of visas to Israell and British lawyers to attend the International Bar Association conference in Moscow, when the organisers made it clear they were prepared to cancel the scheduled session on human rights unless all the participants were able to attend. The idea that Mr Gorbachev should be given a break while he slugs it out with his conservative opponents at home is all the more seductive for being assiduously peddled, not - it should be noted - by Dr Sakharov, but by some Soviet officials who present themselves, perhaps quite sincerely, as his supporters. Yet for the time being it remains true that such freedom as Soviet citizens enjoy is conceded to them more or less grudgingly by the Communist Party, and that while Mr Gorbachev is trying to widen the circle of party members who decide these things he has so far had only limited success.

Within that circle as at present constituted there is obviously no consensus about how much further alasnost should go, or even whether (as Mr Ligachev keeps hinting) it has already gone too far. By contrast there is, as far as one can tell, a very broad consensus on the desirability of lowering international tension and cultivating better relations with the the pressure on the Soviet econ-

That being so, the need to keep the international atmosphere harmonious must provide Mr Gorbachev with one of his most powerful arguments for continuing liberalisation at home. If that is indeed what he wants to do, continued Western pressure for broader and more secure human rights must objectively be in his



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FINANCIAL TIMES

Tuesday June 7 1988



UK interest rates up for second time in a week

By Simon Holberton in London

THE UK GOVERNMENT yester day took advantage of sterling's weakness to raise bank base rates by half a percentage point to 8½ per cent, the second rise in less than a week.

The move, which had been anticipated by financial markets, was engineered by the Bank of England yesterday morning without prompting another surge in the pound. The Treasury sought to empha-

sise that yesterday's decision to raise interest rates was not an attempt to prop up the pound but was taken to tighten monetary

Sterling closed half a pfennig weaker against the D-Mark at DM3.0950 but marginally stronger against the dollar at \$1.8025. Financial analysts said yesterday that if sterling continued to weaken the Government might act to raise interest rates again.

UK building societies said they had no plans to increase their home lending rates for the time being, although some indicated that another rise in base rates could prompt an increase in home borrowing costs.

The rise in rates was greeted with almost universal approval by UK financial markets. Barclays led the other major clearing banks with half a percentage point rise in its base rate to 8% per cent soon after the Bank changed its dealing rates.
Share prices rose in spite of the

rise in rates as investors were cheered by the prospect of a lower pound which should help the exports of UK companies. The market ended on the high of the day with the FT-SE 100 Share Index up 13.5 points at 1,832.7 and the FT Ordinary Share Index up 8.4 points at 1,452.8.

The gilt-edged securities market also responded to the base rate rise favourably. Prices for long-dated UK government bonds continued to rise throughout the day and, at the close, they had risen $\frac{1}{16}$ of a point to yield 9.38 per

Both markets were encouraged by the rise in interest rates. UK financial markets had been uncomfortable with interest rates at very low levels because of the threat they were seen to pose for

inflation.
Yesterday's increase in base rates followed a half point rise to 8 per cent last Thursday. Both rises followed consultation between the Bank of England and the Treasury and with the full knowledge of the Prime Min-

It is understood that yesterday's decision was taken after a review of market conditions in the morning. This would have shown that the foreign exchange market had failed to re-establish its past holdings of sterling despite the high rates of interest prevailing in the short-term

money markets.

Both the Bank and the Treasury were pleased that yester-day's rise failed to reignite the foreign exchange market's interest in the pound.

City analysts cautioned how-ever, that there could be a delayed reaction to the rate rise and that sterling could gain in

strength in the coming days.
The Treasury said it did not expect the pound to rise sharply although it added that foreign exchange markets were unpredictable. The currency's performance over the past two business days showed that sterling had found a new level.

The Treasury said it was more comfortable with a situation where UK interest rates were higher and the pound's value against Britain's trading partners

lower.
The Bank was similarly pleased with yesterday's develop-ments. The balance of policy had

changed in a way that was more to its liking.

However, the Bank remains concerned about the pace of economic expansion in Britain, especially consumers' demand, which

tregards as containing latent inflationary pressures.

The buoyancy of demand was underlined yesterday with the release of corrected figures for retail sales in April. These showed that the volume of sales was 61/2 per cent higher in the three months to April than for the same period last year.

Perestroika's embarrassing double face

dimir Mezentsev might have expected to be a popular hero in the Soviet Union this week, singled out by Mr Mikhail Gorba-chev, the Soviet leader, for special commendation. Instead, he is out of a job.

Mr Mezentsev, until very recently the correspondent for Gosteleradio, the state broadcasting organisation, in the remote Far Eastern island of Sakhalin, appears to have fallen foul of the conflict and confusion which are rife in the current Soviet debate over the limits of political reform.

His crime seems to have been that he took the process of perestroika too far — in calling a public meeting on his island to denounce the local leadership of the Communist Party, leading to the resignation of the First Secretary and a clean slate of delegates for the Communist Party. gates for the Communist Party

of perestroika had now reached the most remote corners of the

Soviet empire.

The story of Vladimir Mezentsev has emerged in three instalments. The denouement – that he has been removed from his job by Gosteleradio for "a breach of journalistic ethics" – was only revealed yesterday by Argumenti
y Fakti, the restricted-circulation
newspaper reserved for key workers in the ruling party.

It was Mr Gorbachev who first
brought Sakhalin's exercise in

popular democracy to interna-tional attention when he told his post-summit press conference that it was an example of how perestroika was "already present

As a result of the public meet-ing on the island, he said, a ple-

"So perestroika has reached Sakhalin," he declared.

Members of the public gathered outside the Chekhov theatre and denounced the lack of decent housing, the poor food supplies tice in obtaining accommodation for his relatives." housing, the poor food supplies and the privileged life-style of the party leadership.

rassing public humiliation for the soviet leader, who last week sions that were needed for the result was the resignation of Mr process of democratisation on to demonstrate that his process Sakhalin to gain momentum.

Sakhalin to gain momentum.

So perestroiks had now reached which followed. which followed.

Yesterday in Argumenti y The first details of the story were published in Sovietskaya Rossiya, newspaper of the Communist Party in the Russian Federation, which showed there had been a mass popular protest sparked off by a radio broadcast. (There was no mention of who made it.)

Yesterday in Argument: Yesterday in Argumen

He attacked the local party for its undemocratic selection of del-egates and Mr Tretyakov in par-

arty leadership.

That same day he was sum"We have been standing in moned back to Moscow by Gostequeues for years and still live in leradio. He was hauled before a wooden barracks," they said. board meeting the next week, They set up an action commit-which resulted in his dismissal as a result of the public meeting on the island, he said, a plette to pressurise the local party fust one week before Mr Gorbanum of the regional party committee had found it necessary to incommend the party leadership in the choice of live television — of the whole party delegates for this month's affair.

One of South Korea's largest groups finds itself out of favour, writes Maggie Ford

Hyundai tarnishes its image

BY ANY standards it has been a bad week for Hyundai, South Korea's second-largest diversified business group, known abroad mainly for its motor cars.

Strikes had broken out at

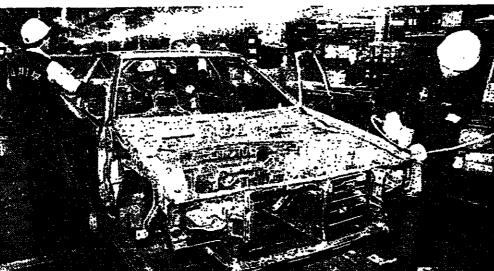
many of its larger plants by the weekend; two senior executives were in jail charged with kidnapping a union organiser and a third was under investigation.

Amid public scorn and derision at its behaviour, the company had acquired the dubious distinction of being the first in South Korea where the management felt the need to form its own trade union.

The company's plight, regarded by most people as self-inflicted, follows its hard-line approach to staff. It is still controlled by Mr Chung Ju Yung, its entrepreneur-ial founder and honorary chair-man, who officially extined last man, who officially retired last year. The company has resisted attempts by workers to unionise and has adopted an authoritarian style of management even towards its white collar staff.

construction sites in the Middle East, with very long hours in bad conditions; no home leave or family visits; not very high salaries and a similarly disgruntled work-

force to supervise. Following last year's nation-wide strikes by workers which resulted in a less repressive political climate, they decided to form a union to press for better conditions. A senior management task includin force, formed to persuade the in three staff not to go ahead, appears to Mr Soh. have been successful in persuading nine out of the 10 union organisers to give up the idea. The tenth manager, Mr Soh Chong Ui, resisted, however, and



Workers on Hyundai's car production line, which has been shut down indefinitely following a series of strikes

in April he disappeared after hav- cision, the defence contractor, ing drinks in a bar with company where tempers were becoming had engineered his own disap- ment was reached. After the pearance in a plot to gain support and put blame on Hyundai.

gation, two senior managers were charged last week with instigat-ing the kidnapping. The chair-man of Hyundai Engineering and Negotiators at Construction is under investiga-tion for illegal labour practices, including possible involvement in threatening and kidnapping

If this were not enough, Hynn-dai last week saw an outbreak of strikes at Hyundai Motor, where the plant has now been closed indefinitely, and at Hyundai Predict and won/o, workers was expected at Hyun-pany may finally have to change dai, which along with Daewoo, its ways.

the conglomerate that suffered a towards its white collar staff.

Earlier this year the senior staff at one subsidiary, Hyundai Engineering and Construction, had had enough. Managers at this company have a particularly difficult life, being posted for periods as long as two years to company claimed that Mr Sch and the manage and company claimed that Mr Sch and negotiary this company have a particularly as the company in an attempt to the chairman of the company, Mr make him change his mind. The Chung Mong Gu, to stay at the company claimed that Mr Sch plant and negotiar until a settle-indicule.

In April he disappeared after havcision, the defence contractor, the congionerate that suffered a decision, the defence contractor, the congionerate that suffered a that the company where tempers were becoming officials. Reappearing after about heated at the weekend following a decision to close the plant.

Workers had earlier requested the company, Mr subsequent cover-up have, however, stirred public outrage and representation of the congionerate that suffered a contractor, the co

company of insincerity, workers that they regard as childish, not held a rally on Saturday at the to mention unethical.

negotiators' departure last that Hyundai is perhaps the Wednesday, reports that a settle- best-known company abroad. After an increasingly bizarre ment was imminent turned out have expressed astonishment and long-running police investito be inaccurate. Accusing the that it would engage in activities

It is difficult to see how the Negotiators at both subsid- company can extricate itself from iaries are far apart, with workers' the mess without making a clean claims of a pay rise of Won130,000 breast of it and offering an apol-(\$177) per month being countered ogy. Government policy is not to by an offer of Won62,000 at Hyun-intervene in union disputes and dai Precision and Won78,000 at to urge both sides to negotiate.

IBM to transfer more jobs

continuing improvements in customer relations, product quality and productivity, predicting a dramatic improvement in the performance of the group's computers. Mr Akers left little doubt that he regards the launch of a new mid-range machine later this month as a crucial element in this recovery.

Commenting on the present world shortage of memory chips, which has handicapped virtually very major computer manufac turer in recent months, he said that IBM had a competitive advantage over many of its rivals because of its own internal supplies. He blamed the shortage on lack of investment among semi-conductor manufacturers and fabrication problems with the new generation of very high capacity chips, claiming that the US-Japan anti-dumping trade agreement had contributed little to the problem.

World Weather

Mexico seeks debt guarantee in Japan

BY IAN RODGER IN TOKYO AND STEPHEN FIDLER IN LONDON

MEXICO is negotiating for According to western bankers, unprecedented Japanese govern-Japanese guarantees are just one ment guarantees for bonds which of a variety of options being conwould be used to reduce its

\$103hn foreign debt burden.

The Mexicans want the Japanese to be ready to guarantee the interest payment on the bonds, which Mexico would then swap with creditor banks in return for some outstanding loans. The aim is to capture the discount to par value at which the loans are val-ued in an informal secondary market for bank loans to the Third World

Third World.

The Japanese Ministry of Foreign Affairs said yesterday that great efforts were being made to help Mexico deal with its debt burden. According to one report, however, the Japanese Ministry of Finance was less enthusiastic about the idea, preferring to see other governments join in. The Finance Ministry was also said to be concerned about setting a precedent for other large debtor cedent for other large debtor

sidered by the Mexicans

The Mexicans have led the way in innovative bond-for-loar swaps, holding the first auction of its kind in February. This received a lukewarm response, with banks tendering only \$3.65bn in loans, compared to the \$10bn which the Mexicans had hoped for. Mexico issued \$2.56bn of 20-year bonds, which pay lower interest rates than the loans, to

The principal on the bonds was collateralised by the purchase by Mexico of special US Treasury securities, which mature in 20 years, but which pay no interest.
Guarantees would be much cheaper for Mexico than collat-eral, and would enable them to obtain deeper discounts on the loans. Mexico's bank loans cur-rently sell for about 55 cents on the dollar in the secondary mar-ket.

French parties in pact moves

by "calling" for the withdrawal of Socialist candidates in favour of Communists where the Commu nists came ahead in the ballot, according to rules of reciproc-

In Marseille, a member of the National Front claimed (anonymously) that negotiations for a voting pact were well under way with Mr Charles Pasqua, a senior campaign manager for the neo-Gaullist RPR party and Interior Minister in the previous govern-ment. Mr Pasqua denied that he had been in contact with the National Front although he indicated ambiguously that Mr Jean-Claude Gaudin, the centre-right candidate, was "responsible" for the conduct of the election in the Marseille region.

Although the National Front vote was only 9.6 per cent the party has 30 candidates who scored well enough on Sunday to be entitled to go on to the second

US bailout totals \$1.3bn

eral Deposit Insurance Corpora-tion, which backs the US com-ica, by far the biggest technically mercial banking system.

over \$40m in damages.

In purely statistical terms, the cost of paying off depositors at the two California institutions gament and inept regulation was dwarfed by last month's exist throughout the US savings announcement of a \$2bn injection and loan industry, not just in the of FSLIC funds into the merger of economically depressed regions four insolvent savings and loans institutions in Texas. That deal, in turn was smaller than the Southern Colifornia has been

in turn, was smaller than the \$3.5bn rescue earlier this year of First RepublicBank in Dallas, estate markets, but in addition to which was financed not by FSLIC American Diversified and North but by the better-capitalised Fed-America, it is also the home of

THE LEX COLUMN

Bond gilds the lily

Bond Corporation's A\$850m bid for Bell Group is a long way from being its biggest takeover offer to date, but it is almost certainly its least favourite. Not before time, the National Companies and Securities Commission, Australia's equivalent of the SEC, has decided to bare its teeth and Bond Corporation has been pushed into paying a very full cash price for a company that it had previously tried to acquire on the cheap.

Not only is Bond Corporation

having to pay an apparent pre-mium over Bell Group's net asset value, but it is adding another A\$500m of debt to a balance sheet which would already make a sea-soned Third World bank-lender it from yesterday's results. Trea- would be unwise, as the purpose Admittedly, the brewing operations provide a solid cash flow, but this is only accounts for around 45 per cent of profit before interest and tax these days.

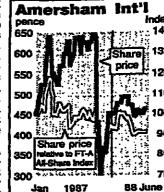
The best guess of the money markets is that rates will be up to 9.5 per cent by September. have the control of the con

Like Mr Holmes à Court, Mr Alan Bond is all too well aware that Bell Resources, which is 42 per cent owned by Bell Group, holds the key to his financial problems. Not only is it sitting on a sleeable chunk of cash, which could substantially improve his capital ratios, but it still has substantial lines of credit in place. stantial lines of credit in place. Success at hedging currencies is not normally the sort of activity which commands a high p/e, already in hand, Bond should soon be able to tan into Ball in Amersham's prospective rate. already in hand, Bond should and Amersham's prospective rat-soon be able to tap into Bell ing of 14 times earnings probably Resources; and the weakness of owes more to bid speculation: Resources; and the weakness of the latter's share price yesterday reflected the understandable such a premium does not look into making a bid for Bell Group, the last thing Mr Bond will want to do is bid for Bell Resources. Amersham's articles of association of Bond Corporation but an agreed bid and the management has made clear it is not in the last thing Mr Bond will want got rid of its "golden share", to do is bid for Bell Resources. Amersham's articles of association virtually rule out anything but an agreed bid and the management has made clear it is not in an agreeing mood. Longer talisation of Bond Corporation term, though, the odds must be infavour; diminutive Amersham reducing the borrowings of Dalwould make a nice next division reducing the borrowings of Dal-would make a nice neat division lhold, Mr Bond's family company which owns over half of Bond could obviously afford to make Corporation

Amersham

International

With nearly all its products manufactured in the UK, most of them sold overseas, and its competitors pricing in cheap dollars. Amersham could hardly be more vulnerable to exchange rates but one would scarcely know of surprise to a move that the year.



soned Third World bank-lender it from yesterday's results. Treadecidedly nervous. Depending on how one does the sums, Bond's net debt to equity ratio, after the acquisition, ranges from 2.2 times bobs thrown in below the line, to 4.6 times and interest cover is running at around two times. Admittedly, the brewing operations provide a solid cash

sure that the price was right.

Markets

The Bank of England should be well pleased with its interference in the money markets yesterday. By acting at a time when the pound was sitting firmly at DM3.10, only 2 prennigs below the trigger for the previous rise, it managed to add a healthy twist

money markets had been confidently anticipating for a couple of days. The decision to move rates up slowly also seems to be paying off, with the pound showing no inclination either to dash off the other way, or to force the Bank into further rises in rates at once. Even the stockmarket seems impressed, having latched onto the idea that inflation is not just had for gilts, but somehow had for equities too.

The Bank must also relish the confusion created among speculators over the desired mix of exchange rates and interest rates. But to conclude anything on the basis of yesterday's move about the desired floor for sterling

to 9.5 per cent by September, half a point higher than when all the fun with sterling began in March. Even this may turn out too low: after all, base rates were only reluctantly towed down from 10 per cent last summer to prevent the recession that the Crash was supposed to bring.

Tate & Lyle

At a time when interest rates At a time when inverest rates are creeping up again, every little bit of gearing counts - so the market was pleased yesterday when Tate & Lyle sold an unwanted by-product of the Staley acquisition, CFS Continental, for both a little bit more than expected and a little bit some expected and a little bit sooner than had been hoped. Tate & Lyle's shares rose 2.6 per cent on the news that it had sold for \$700m what it once believed to be worth only \$500m, and on the prospect of gearing falling to "only" 110 per cent from more like 260 per cent before the deal. When Tate & Lyle launched the Staley bid in April, a signifi-cant leap of faith would have golden parachutes would have been disentangled, legal barriers cleared and misfit divisions disposed of within only eight weeks All this has now been done, and At this has now been uone, and Tate & Lyle can get down to the business of making Staley pay — an urgent imperative if gear-ing is to brought to anything like bearable levels by the end of next

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday June 7 1988



UK SUGAR REFINER RECOUPS NEARLY HALF OF ACQUISITION COST

Tate & Lyle sells Staley food subsidiary for \$700m

TATE & LYLE, the UK sugar "We told them what we

utor.
The disposal was announced yesterday, even before the official completion of Tate's own acquisition which is due later today. The addition of CFS Continental, the second largest US food services group, will increase Sysco's national market share to an estimated 8 to 9 per cent mated 8 to 9 per cent.

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¿ Lyle

The sale price, considerably higher at 791p.

more than Tate's conservative estimate of more than \$500m based Sysco will increase its made during the takeover battle, annual revenues by more than 50 was broadly in line with analysts'

refiner, is to recoup nearly half of wanted, and they said 'you're the \$1.48bn it spent to buy Staley on.' Mr Neil Shaw, Tate chair-food restaurants. The McDonald's on, by selling Staley's food man, said yesterday in Decatur, hamburger chain currently group, by selling Staley's food to they said 'you're business is distribution to fast food restaurants. The McDonald's hamburger chain currently accounts for 16 per cent of its services business for \$700m to Sysco, the largest US food distribution. Staley is headquarters after three staley in property of the small fillings. years in suburban Chicago.

The disposal will markedly improve the financial benefits of the takeover for Tate, which today will activate the second order to return Staley to its more tranche of its partly paid £208m profitable core business of sweet-(\$375m) rights issue of convertible preference shares. In London, Tate shares closed 20p higher at 791p.

per cent to about \$6.5bn and reinforce its leading position in food The rapid agreement with distribution to restaurants, hotels per cent, nearly double the 2 per cent nearly double the 2 per planned auction by Morgan Stanley, the US investment bank.

Staley acquired CFS in 1984 for more than \$350m, although the exact price was not disclosed a the time. Tate declared from the outset its intention to sell CFS in

CFS's revenues of \$1.27bn accounted for 75 per cent of Staley's turnover in the six months to March 31, but its operating earnings of \$17.9m were only 35 per cent of the total. In the year to June 1987, Sysco

achieved a margin on sales of 3.7

Generally speaking, Canadian pulp and paper stocks are considered undervalued, mainly because of the threat of

Power Corporation will not tender any of its Consolidated-Bathurst stock under the KiO offer. KiO plans to enter a vot-ing trust agreement with Power for a minimum five years. Both will put their Con-solidated-Bathurst shares into

adding to last week's C\$13

KIO seeks 10% stake in Canadian paper group By Robert Gibbens

THE RUWAIT Investment Office, one of the world's largest investors, is offering almost C\$200m (US\$163m) for a 10.3 per cent equity interest in Consolidated-Bathurst, the big pulp and paper and pack-aging group 40 per cent-con-trolled by Mr Paul Desmarais, the Montreal financier, through his Power Corpora-

tion of Canada.
Consolidated-Bathurst owns the Bridgewater newsprint mill near Liverpool and has joint venture projects for pulp and paper mills in both China and the Soviet Union.

KIO is offering C\$19 a share for 10.5m common shares for Consolidated-Bathurst, with Gordon Capital Corporation as dealer manager for the offer. The price is about \$3 a share

above last week's market level. Consolidated-Bathurst has two classes of common shares, the only difference being that one pays dividends in stock and the other in cash.

an economic slowdown after the American election.

a nominee company.

KIO will elect two nominees

to the Consolidated-Bathurst board. Power has the right of first refusal on KIO's Consolidated-Bathurst stock after five

By midday on the Toronto Stock Exchange, Class A shares of Consolidated-Ba-thurst were up C3 2 at C316 2.

Red Rose romance sealed for £13m

BY PHILIP COGGAN IN LONDON

MR OWEN Oyston presented Mr Eric Morley with a Red Rose yesterday; Mr Morley gave Mr Oyston Miss World. The corporate romance will be sealed, not with a ring, but more prosaically with shares worth £13.6m (\$24.4m).

An agreed merger between Mr Oyston's Red Rose commercial radio company and Mr Morley's Miss World beauty contest group seems, on the surface, to present an unlikely case for corporate synergy: a beauty parade is hardly the most natural radio subject. most natural radio subject.

But like many a young cou-ple in the early stages of togetherness, Messrs Oyston and Morley were yesterday excited about their future. "We hit it off immediately," said Mr Morley, who will remain chairman of the enlarged company. "We estab-lished a great rapport," said Mr

Oyston, who will be chief exec-Mr Oyston said the potential benefits of a link-up were substantial: "Both companies oper-

ate in the world of entertain-ment and both are heavily

If the merger is approved by dent Broadcasting Association, the radio and television watchdog, the enlarged group will move from the Unlisted Securities Market to the main stock market and change its name.

The vital statistics of the deal are that Miss World is offering three of its shares for every eight in Red Rose. Full acceptance of the offer will involve the issue of 4.35m Miss World shares, which were yes-terday suspended at 310p. Red Rose directors will end up with

30 per cent of the new group. To describe the principals in official Miss World jargon, Mr Oyston is 54, has a goatee beard, collar-length locks and wants to build a substantial leisure group. Mr Eric Morley is 69, has Brylcreemed dark hair, and has already fulfilled Mr Oyston's ambition - he was chairman of Mecca Entertainments until 1978.

Yesterday, the company, which is traded on a matched bargain basis, forecast after-tax profits of £900,000 for the year

Macmillan independence tested by improved \$2bn Bass attack

WITH WALL Street expecting company's plan. further rounds in Macmillan's fight to remain independent, shares of the US publisher rose yesterday above the revised take-over offer from Mr Robert Bass, the Texas investor.

The New York-based company, one of the last big independents, said it would consider later this week Mr Bass's \$73-a-share, \$2bn offer made at the weekend. Macmillan's shares gained \$2 to \$731/2 by early afternoon.

Mr Bass offered alternatively

to restructure Macmillan along the lines proposed by its management last week. His group of investors would pay a special cash dividend, however, of \$58 a share against \$52.35 under the Macmillan has yet to unveil lysts' estimates run as high as full details but it appears that Mr Sold piecemeal, however, the group may be worth closer to \$80 two other senior officers would a share.

receive large blocks of Macmillan Their main condition is that Information shares in exchange they be allowed to buy shares in for surrendering stock options the restructured group on the and unrealised stock profits in same favourable terms as its the existing company.

management.
Macmillan proposed splitting itself into two publicly traded value Macmillan's restructuring companies, Macmillan Publishing and Macmillan Information. Management and employees would own 36 per cent of the former and management about 39 per cent of

Analysts have found it hard to

plan because, in addition to th cash dividend, shareholders would receive stock in the new information company and retain their old Macmillan shares. The the latter. Mr Bass's group offered to pay cash for shares equal to the same stakes. lysts' estimates run as high as

Amax plans poison pill bid defence

By Kenneth Gooding

AMAX, the US natural resources group which last year made its first profit since 1981, has adopted a "poison pill" scheme to help ward off unwanted bids.

The company will implement a stock purchase rights plan which will be triggered only after a third party acquires 20 per cent or more of Amax or announces a tender or exchange offer to acquire 30 per cent.

Mr Allen Born, president, said the adoption of the plan was consistent with actions "taken by many other leading US corpora-tions". It is not in response to any effort to acquire control of

"Rather the plan was adopted in order to ensure that the board would be able to proceed in the best interests of Amax and its shareholders if an unsolicited acquisition is attempted in which shareholders would not realise

Among other things each Amax share will carry the right for the holder to buy one-half of an Amax share for \$35 compared suggested that Texas Eastern's other partners in the field may not yet have decided to forfeit with the recent price of about \$20

Kluge backing for \$1bn fund

MR JOHN WERNER KLUGE, the The new fund, which on typ- lows months of eager speculation MR JUHN WERNER KLUGE, the The new fund, which on typ74-year-old German immigrant ical Wall Street borrowing
who is thought to be America's arrangements could handle \$10bn
second richest man, is backing a worth of deals, joins a crowded
new \$1bn fund to invest in the field competing for the risky but
fashionable Wall Street business lucrative business of helping
of taking companies private in managements buy their compaleveraged buyouts.

Mr Kluge who made his vest

leveraged buyouts.

Mr Kluge, who made his vast

Already this year such compafortune largely through taking nies as American Standard,
his Metromedia broadcasting Montgomery Ward, AFG and
empire private in 1994 and liqui-Stop & Shop have gone private
dating most of its assets, will be by going deeply into debt to buy one of three general partners out shareholders.

who will run the new firm, which Mr Perkowski, 39, who was 15 is called Kluge Subotnick Persearch with PaineWebber, said:

"Sure a lot of deals have been "Subotnick, his associate at Metro-opportunities keep coming up."

media, and Mr John Perkowski, He said the firm would get who wait was a friend to man. who until yesterday was head of involved only as a friend to man-investment banking at PaineWeb- agement.

ber, the Wall Street broker.

on Wall Street about what Mr Kluge, who bought his first radio station in 1946, would do with the spectacular profits from the sale of Metromedia's radio and television stations and other communications husinesses Mr Kluge and his friends paid

\$1.6bn to buy out other share-holders in 1984 and realised \$3bn after taxes from the liquidation.

Mr Kluge, who is thought to be
the richest American after Mr
Sam Walton of Wal-Mart Stores. recently assumed control of Orion Pictures, the Hollywood studio, and bought the Ponderosa

steakhouse group.
Together with Mr Subotnick. he is putting \$100m into the fund with the remainder coming from institutional investors. Yesterday's announcement fol-

Repsol pays \$276m for stake in N Sea BY PETER BRUCE IN MADRID

REPSOL, the state-owned Spanish oil conglomerate due to be part-privatised early next year, has agreed to pay \$276m for half of Texas Eastern's 20 per cent stake in the big Beryl field in the Mouth Sea

The deal represents the biggest and 100bn cubic feet of gas. purchase of a single North Sea asset this decade.

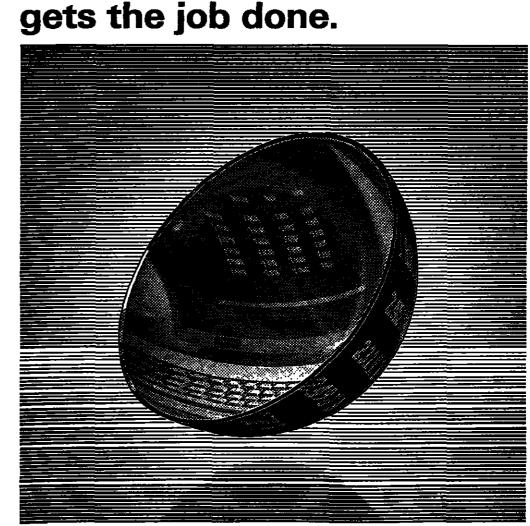
deal was priced in a similar Officials at R range to other recent asset sales comment on the in the area, although it was off deal yesterday. the top of the market.

Repsol is acquiring 39m barrels of proved oil reserves in Beryl There is also a substantial possibility of upgrading as the field stake which is up for sale.

Analysts in London said the is re-evaluated. Officials at Repsol refused to comment on the details of the fair value for their shares."

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INTERNATIONAL COMPANIES AND FINANCE

RWE tops up its petrol station business

Andrew Fisher examines the background to the

purchase of Texaco's West German subsidiary

utility, RWE for short, is flexing its muscles again now that a period of exceptionally high investment is coming to an

As cash-flow continues at a high level and costs fall, Rheinisch-Westfaelisches Elektrizitaetswerk wants to move more outside its traditional

activities into new, though not too distant, areas. Hence the keenly followed talks in the last few weeks over RWE's possible purchase of Deutsche Texaco.

Last night, RWE confirmed at a press conference in Essen, its Ruhr base, that it would pay \$2.12bn for the German subsidiary of the US energy

RWE is already in the oil business through Union Rhein-ische Braunkohle Kraftstoff (UK Wesseling), which has nearly 240 petrol stations.

Bringing these together with the 1,900 outlets of Deutsche

Texaco, which has its head-quarters in Hamburg, would be a neat solution to the prob-

lems of UK Wesseling, which has been going through a diffi-Apart from confirming that talks were under way, both sides have been tight-lipped

For the US parent, under pressure from Mr Carl Icahn, the takeover specialist who is its largest shareholder, the sale of its 99.1 per cent-owned German subsidiary is an important first element in its costly restructuring pro-

For RWE, it represents an opportunity to expand beyond the electricity generating busi-

ness, which accounted for nearly DM18bn (\$10.4bn) of its DM27.2bn turnover in the last financial year to June 30 1987.

Group net profits last year rose to DM779m from Analysis reckon that RWE

will show rising profits in coming years. Tough new envi-ronmental regulations have meant that it has had to carry a heavy investment burden in

In the last five years, it has had to spend some DM6.4bn alone on flue gas desulphurisa-tion at coal-fired power stations, which account for much of its electricity generation. Nuclear energy makes up only about a fifth, much less than

the national share of 34 per cent in Germany's electricity. Mr Werner Wanke, head of the securities department at B.

bank, says: "RWE's need to spend huge sums on investment and infrastructural improvements is over, so prof-its will tend to rise." As RWE has been investing heavily - last year's group capital investments totalled DM4.4bn - it has also been

Metzler, a Frankfurt private

For the present financial year, about to end, Mr Wanke is forecasting earnings per share of DM20 compared with

setting aside large sums for depreciation, on which its pol-

icy is conservative.

ther rise to around DM22 next

Cashflow, at some Dhi4.7bn annually, is high, enabling RWE to finance its invest-ments itself. In the next five years, including 1987-88, the group expects to spend at least DM16bn, less than it had originally planned.

This is because it has enough electricity generating capacity - electricity sales have been slipping in recent years - and has most of its environmental spending

Using some of its cash to buy into the oil business is seen as a favourable move by Mr Wanke.
"This is just the right time

to buy oil investments," he believes, especially with a sta-ble dollar, an improved world economic outlook, and energy prices that are likely to firm rather than collapse again. RWE, it is clear, has been thinking along the same lines.

tional, the travel bureau business

formerly operated jointly with

Broadly, the group's strategy is to continue to reduce its depen-

dence on container shipping by

expanding land transport interests, particularly in Europe.

This process is reflected in a

reduction in the proportion of fixed assets represented by ocean shipping, which has fallen from

70 per cent to 50 per cent since 1982. In the same period, the pro-portion of fixed assets repre-

sented by non-shipping transport

has increased from 13 per cent to

will allow it to profit both from

the fashionable "intermodal" treatment of shipping as one kg

from opportunities in land trans-

Nedlloyd believes this strategy

Kevin Brown on a Dutch shipping group under siege from dissident shareholders

Nedlloyd management seeks calmer waters

the Royal Nedlloyd Group, one of Behind the row over the share Europe's biggest integrated ship issue lies a more fundamental ping and transport companies.

The cause of the anxiety is the threat posed by Mr Torstein Hagen, the Norwegian "shipping doctor" whose forces inflicted a humiliating defeat on the group's humiliating defeat on the group's Fi 95m last year, while net prof-senior management at a recent its fell from Fi 155m to Fi 72m in shareholders' meeting.
For the moment, the guns are

silent. But Mr Henk Rootliep, a net loss of Fl 101bn for 1987 Nedlloyd chairman, is aware that after a Fl 911m writedown of while the preliminary skirmish-ing is over, there may be further This will increase future profits battles to come.

management plan to raise ing a "significant improvement" FI 175m (\$92.5m) through an in operating profits because of issue of cumulative preferred better trading conditions in ship-shares to a small group of institu-ping and road transport. shares to a small group of institu-The company says the issue and Mr Hagen have broken

eign shareholders, to defeat the board at a stormy meeting in They are that Nedlloyd should: Nedlloyd claimed the Hagen Scandinavian shipping compa-camp had abused a company rule nies, including Johnson Line and limiting shareholders to 120 votes Transatlantic of Sweden and Wil-

the share issue, effectively admit-ting defeat. The money has been Withdraw from all business raised through a series of subor-sectors except its core activities inated loans, which Nedlloyd in shipping and land transport.

AN UNEASY truce hangs over and Fl 32m more than the share the Rotterdam headquarters of issue during the next eight years, the Royal Nedlloyd Group, one of Behind the row over the share dispute about Nedlloyd's strategy for recovery from a series of poor

Operating profits have fallen steadily from Fl 351m in 1984 to

by reducing depreciation charges. The dispute blew up over a in addition, Nedlloyd is forecast-Negotiations between Nedilovd

would have been cheap and tax down, and the company says it efficient. But Mr Hagen mustered has no intention of holding furenough support, mainly from for- ther talks. But Mr Hagen's demands are still on the table. Amalgamate with a number of

each by manipulating blocks of helmsen of Norway, to create a shares, and threatened legal "Eurolines" consortium. action.

• Play a more aggressive role in

However, the company has the sale and purchase market for
abandoned both this threat and second-hand ships, where sub-

says it does not have the tributors. resources to take over these com-panies, and rules out consortia drawal has been from aviation agreements because of existing a sector in which Nedlloyd once

He is equally dismissive of the substantial share of the west suggestion that Nedlloyd should European passenger market in speculate on the second-hand advance of impending liberalisa-

selves to this. The market may be up a little at the moment, but the experience of shipping companies such as Wah Kowng and the Tung group (both recently Dutch scheduled airline. says will cost between Fl 24m On the first point, Nedlloyd restructured) shows the dan-

zers," he says.

Cent of Transavia, its tourist airline, which will be operated by divestment policy, except that KLM, and retains only a 7.5 per Nedlloyd refuses to sell its cent stake in Holland Internaenergy interests. These consist largely of North Sea exploration and recovery, together with con-tract drilling for third parties. "This has been an attractive market for us over the years, and

although it is not quite as good at the moment, we think it will remain of interest in the long term, especially in north-west Europe," says Mr Rootliep.

He adds that the business cycle of the energy business is differ-ent to that of shipping, providing an element of counter-cyclical halance to the group.

Nedlloyd has sold a number of

other businesses recently, includ-ing its stevedoring interests in Flushing, and a chain of car dis-

commitments.

"The suggestion is of greater value to the Scandinavians than it is to Nedlloyd," says Mr Rootlines, a Dutch regional airline, in 1986, intending to carve out a 1986, inten

"We do not want to expose our. In the event, the forecast free proposals.

agement is based on an emo-tional misunderstanding of its

He is also aware that the vot ing limitations on Nedlloyd's shares - which are not unusual among Dutch companies might not save the group from a Nedlloyd has also sold 60 per determined takeover bid.

Iberia makes record net profit

IBERIA, THE Spanish national nary results were based chiefly three successive years out of loss airline, said yesterday it had on a Ptal8.1bn saving made a record net profit of through more efficient manage-ble for quotation on Spanish made a record net profit of through more efficient managepta20.5 in (\$180.2 m) last year, a ment, including lower fuel prices,
2,238 per cent improvement on its a much improved occupancy rate dicted a form of flotation this prospects of part of the airline prospects of part of the airline being sold off publicly in the near liberia, which has just signed to electricity utility.

The samula and would make the airline being for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the engine ble for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the engine ble for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the engine ble for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the engine ble for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the engine ble for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the engine ble for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the engine ble for quotation on Spanish bourses. Some analysts have predicted a form of flotation this prospects of part of the airline and the flotation this prospects of part of the airline and the flotation this prospects of part of the airline and the flotation this prospects of part of the airline and the flotation this prospects of part of the airline and the flotation this prospects of part of the airline and the flotation this prospects of part of the airline and the flotation this part of the airline and the f

Mr Narcis Andreu, Iberia's president, said yesterday that the airline carried 14.1m passengers last year, more than Air France and third in Europe behind British Airways and Lufthansa.

He said the airline's "extraordi-

By Robert Taylor, Nordic Correspondent, in Stockholm

Stora shows good results

in all divisions

KUGELFISCHER Georg Schaefer,

Kugelfischer cuts dividend by half after income slips

BY OUR FINANCIAL STAFF

the West Cerman engineering group which went public last year, plans to cut its dividend to DM5 a share from the DM10 paid

Mr Fritz Schaefer, managing board chairman, said the divi-dend reduction followed a steep drop in profits for last year. The company had been hit hard by currency factors, he said. Mr Schaefer said Kugeifischer would pay a dividend of DM6 on

its preference shares. In 1986 these shares had been entitled to a dividend for half the year and

fischer's preference shares are traded on the Frankfurt bourse, eceived a total of DM5.50. but not the ordinary shares. Thomson regroups world consumer electronics side

BY PAUL BETTS IN PARIS

The subsidiary, which will also incorporate the US General Electric-RCA consumer electronic assets acquired by Thomson for more than \$600m last year, will be fully controlled by the French

rose from SKr677m to SKr818m.
There was also an improvement in the group's timber division, while Stora also reported that its operating profits in Billerud had risen from SKr178m to SKr209m.
However, the company revealed that there had been an operating profit fall in its papyrus division, based on a rival company it acquired early last will employ 50 000 people. company it acquired early last will employ 50,000 people.

year.

The consumer electronics

THOMSON, THE French state-controlled electronics group, is holding will be grouped into four regrouping its French and inter-divisions including televisions. national consumer electronics colour television tubes, video and operations into a new holding audio. The subsidiary expects to called Thomson Consumer Elec-sell more than 7m television sets and 3.5m video tape recorders this year. It also expects to pro-duce about 8m colour television

ness and stronger competition both at home and abroad.

However, Mr Schaefer was at pains to point out that the com-

said Kugelfischer would at least

match 1987 profits in 1988. Kugel-

Mr Pierre Garcin, the head of Thomson Grand Public, will be appointed chief executive of the new consumer electronics subsid-

The reorganisation of Thomson's consumer electronics busi-nesses follows the recent announcement of a reorganisation of Thomson CSF, the French group's defence and professional electronics subsidiary.

liberia, which has just signed to buy 23 aircraft from the European Airbus consortium and 16 MD-87s from McDonnell Douglas, the US manufacturer, has not yet been formally identified for part privatisation by Madrid's Socialist Government. Such a step seems likely, however.

Profits this year would mean floated part of Endesa, the big electricity utility.

Because of the sheer volume of shares the bourses would have to absorb, Madrid has been forced to delay slightly a part flotation of Repsol, its oil group, until the first quarter of next year. It seems highly unlikely that Iberia could be inserted into its calendar before then. THE WORLD'S This is one of 14 million eucalyptus trees planted each year in the Aracruz forests. MOST EXPORTED These forests grow at an amazing annular rate, producing 6.15 cords of wood per acre. They guarantee self-sufficiency for the pulp plant in their midst, which was built less than a mile from the port to facilitate export.

Azeruz won the 1994 Group net profit fell to DM53.7m (\$31.2m) from the DM94.3m of 1986 while parent company net earnings dropped to DM29.9m from DM55.21m. Mr Schaefer said earnings were severely hit by the dollar's weakness and stronger competition HARDWOOD PÜLP COMES FROM THIS TREE. Morn the port to facilitate export.

Aractuz won the 1984

Marcus Wallenberg Prize for
dereloping greater uniformity in
the wood's characteristics
through its Research and
Development program.

An important benefit of this
work is better quality pulp,
it is not by accident that the pany was managing to put an end to further deterioration. He world's most exported hardwood putp comes from this tree. ARACRUZ CELULOSE S.A. Rua Lauro Müller, 116, 40° andar — 22290 Rio de Janeiro — Brazil Tel.: (021) 541-6637 Telex: (021) 22256 — ACEL BR Aracruz International Ltd -Artink House Armit House
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1el.: 848-7755
Telex: 932974 Armit G
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Bond denies collusion over Earnings purchase of Bell stakes

MR ALAN BOND'S Bond Corpo-MR ALAN BOND'S Bond Corporation and the Western AustraCorporation was not party to the
han State Government insurance
Commission (SGIC) yesterday
reiterated that they had not collower price of A\$2.50 a share
haded last April when they purchased separate 19.9 per cent
stakes in Mr Robert Holmes a cent stake.

But they insisted that Bond
Corporation was not party to the
SGIC negotiations with Bell Group for the SGIC.

The NCSC said Mr Bond told
retained him to advise it on the
acquisition of Bell Group shares,
and it was Mr Bond who
approved giving Mr Rowe Bond
Corporation's material on Bell
Corporation's material on Bell
Corporation was not party to the
solid bar of the SGIC.

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acquisition of Bell Group shares,
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acquisition of Bell Group shares,
and it was Mr Bond told
corporation was not party to the
solid bar of the SGIC said Mr Rowe that the SGIC said Mr

tions of the two deals conducted by the National Companies and Securities Commission (NCSC), details of which were published

The finding led Bond Corporation to announce a A\$850m (US\$686.3m) full cash bid at the A\$2.70 a share price it paid for its and also the status of the negotiations with the other."

SR2.8m for 1987, a turnround

from losses the previous year of

SR9.2m. This year has started even better, with the company

making SR7.3m in the first three

But they insisted that Bond Bell Group for the SGIC.

mier, who has come under pres which has now suspended its sure from the state's Liberal investigation, had not formed a

Court's Bell Group.

For its part, the SGIC reiter Group to assist him in advising the SGIC.

They were each responding to ated it had acted independently the SGIC.

Questions arising from investigation in acquiring its Bell holding. It is Bell holding. was strongly defended by Mr insisted again yesterday that Peter Dowding, the Western Australian Labor Party state pre- and pointed out that the NCSC.

yesterday.

Australia's corporate watchdog said it had reached a "tentative view" that the two parties might have had some understanding over future management of Bell over future manage any way associated. According to problem financing the remaining 60 per the NCSC, Bond Corporation and needed for the remaining 60 per cent of Bell Group and that Bond cent of Bell Group and that Bond the SCIC were clearly in contact cent of Bell Group and that Bond and "appraised of the status of shareholders would not be tapped the offer being made by the other

Mr Bond and other executives

yesterday acknowledged that watchdog drew attention to the corporation gained 2 cents to finderial analysis were made the head of Salomon Brothers in put on 37 cents to reach A\$2.47.

available to the SGIC before it Australia. It was the Rowe who Bell Resources lost 5 cents to reach A\$2.47.

Saudi shipping Sime Darby sees big rise group in black

SIME DARBY, the Malaysian based Harrisons and Crossfield conglomerate, is projecting a 50 trading group from Permodalan per cent increase in group pre-tax Nasional (PNB), the Malaysian NATIONAL SHIPPING Company of Sandi Arabia (NSCSA), the kingdom's maritime flag carrier, has returned to the black after three years in which cumulative losses reached SR70.5m (\$18.8m). It reported net profits of

profit for the year to June, at 270m ringgit (US\$104.5m), compared with 181.8m ringgit, writes wong Sulong in Kuala Lumpur. The forecast is contained in a would represent slightly more circular to shareholders seeking than 10.5 per cent of Sime's approval for the purchase of a 7.4 enlarged paid-up capital of per cent stake in the London- Lo35bn shares.

CSR disposal to Shell unit

CSR, one of Anstralia's largest transformation into an industrial findustrial groups, has agreed to group. CSR says the disposals sell its gold mining and exploration interests in Indonesia to Bil- (US\$100.9m). NSCSA is 29 per cent owned by the Saudi Government. The rest of the shares are publicly traded.

Last year, revenues rose 24.4 per cent to SR433.8m as volumes Shell group, writes Kenneth carried rose to just under 2m Gooding, Mining Correspondent. This will complete CSR's PT Lusang Mining which mines

has a fleet of six roll-on roll-off almost total withdrawal from gold and silver at Lebong Tandai, vessels and two chemical tanknatural resources activities in Sumatra, and has 11 exploration ers. It began operations in 1981.

Australia and Indonesia and its other prospects in Indonesia.

double at Israel **Corporation**

By Andrew Whitiey

THE ISRAEL Corporation, the investment holding company controlled by Mr Shaul Eisenberg, the multi-millionaire, has reported a near doubling of profits in 1967 to Shk30.5m (\$19.2m) from Shk16.2m. Much of the improvement is

attributable to the strong resurgence of Zim Israel Navi-gation Company, the national shipping line, in which the snipping inte, in which the Israel Corporation has a dominant 45 per cent stake. The company also has interests in hotels, high technology industry and the government-controlled oil refiners.

Last wards after-tay profit

Last year's after-tax profit figure was the best result for more than five years, and came on revenues up from just

Shk24m to Shk151.1m.

The company noted that its performance had been adversely affected by a running dispute between the oil refineries and Israel's three free companies. fuel companies. Nearly \$11m in disputed income from its 26 per cent holding in the refiner-ies was therefore not shown on its profit statement.

Two thirds of Israel Corpora-tion's capital, or Shk115.9m, is tied up in the oil refineries, at the heart of Energy Ministry attempts to deregulate the domestic fuel industry.

● Mr Efraim Arazi, the chair man and chief executive of Sci-tex, a world leader in comput-erised imaging equipment for the printing and publishing industry, has handed over con-trol of the company he founded two decedes confounded two decades ago.

Mr Arie Rosenfeld, who has

been vice-president and chief operating officer since May 1987, takes over at the com-

Scitex recently reported net profit of \$2.5m on revenues of \$43.4m for the first quarter of 1988, its third consecutive quarterly profit. The tururound, after several years of losses, prompted Mr Arazi to step down at this time, although he will stay on as the Investcorp's success is not matched by many others, writes Robin Allen

Bahrain banks see few hopes met

IN A REMARKABLY frank statement to shareholders in the 1987 cessors, and short track records so that the bank is now more annual report, Mr Abdul Rahman at a time when the challenge than 70 per cent owned by Arab Salem al-Ateeqi, the chairman of from international banks puts Bahrain Middle East Bank, one of the country's 16 locally incorporate of the Country's 16 locally incorporate of the Gulf War has put an additional burden on international banks puts institutions. Over 80 per cent of its assets are in Latin America.

UGB has meanwhile been to the Gulf War has put an additional burden on international burden on international burden on international burden on international banks puts institutions. Over 80 per cent of its assets are in Latin America.

UGB has meanwhile been taken over by the government taken over by the government to the Gulf War has put an additional burden on international burden on

to express the same feeling.

Mr al-Ateeq is a figure of considerable authority in his own annually to the economy through country — Kuwait — as well as the operations, rents and trainabroad; a former Finance and Oil ing. This is equivalent to 40 per Minister and now adviser to the cent of estimated government revenue for 1988.

Let also also the control of Archive.

leather, perfume and fashion very sensitive issue with the Gov-house. Although investcorp has ernment. demonstrated what can be Broad statistics suggest the achieved with the combination of OBU community is recovering a solid capital base, quality man-from the last two years. Assets of agement and a well-defined sense the 57 offshore banks had of purpose, it could be argued increased to \$63.5bn at the end of that few others among Bahrain's last year, compared with \$55.7bn 97 financial institutions can from 68 offshore banks at the end claim the consistent presence of of 1986 and \$56.8bn from 74 offthose three factors.

ing units (OBUs) - both locally point out, it is not foreign assets and foreign incorporated - that count so much as profitabiland foreign incorporated - that count so much as profitabil-account for 57, while 19 are ity, as well off-balance-sheet facinvestment banks and another 19 tors like management quality. are local and foreign commercial are local and foreign commercial Arab Banking Corporation banks. There are also two speci- (ABC) and Gulf International alised banks.

been eroded, first by Saudi and American exposure, making pro-Gulf regional – or, in some visions of \$375m and \$220m cases, Latin American – bad respectively. ABC diluted its debts. At the same time, Bah-shareholders' equity by 16 per rain-based treasury operations cent rather than declare a net have been largely rendered loss. GIB took its provisions from superfluous by the 24-hour world- its free reserves - undistributed wide trading practice of international banks.

Bahrain banks also followed in ments of Abu Dhabi, Kuwait and Managaran and Manag

some measure the move in the Libya, has spread its assets sig-US and Europe from commercial nificantly through acquisitions lending to securitisation, the buz-outside the region. In Spain it zword encompassing activities holds a majority stake in Banco like equity financing, advisory Atlantico, and it also has a pres-

hopes." It began in a emphoric seeking top quality management, mood, he says, and then ended "in despair."

Several other Bahrain offshore

The importance of offshore can debt was sold at a 50 per cent banks to Bahrain can hardly be discount.

With roughong and Snanghai Banking Corporation last year. Hongkong Bank retains an OBU in Bahrain.

Barclays, according to Mr Peter overstated. Mr Peter overstated Mr Peter overstate Several other Bahrain offshore overstated. Mr Ibrahim Abdultanks would have been entitled Karim, the Finance Minister, estimated in January that they con-

Amir, Kuwait's ruler.

He is also chairman of Arabian
Investment Banking Corporation
(Investcorp), the Bahrain institution currently amassing a key stake in Gucci, the Italian luxury
lasther and fashion

to revenue for 1988.

Conversely, when a bank pulls out or runs down its operations it is a blow to Bahrain's pocket as the state of the stationard government revenue for 1988.

Conversely, when a bank pulls out or runs down its operations it is a blow to Bahrain's pocket as the stationard government revenue for 1988.

Of the 97 banks, offshore banks at the 1985 year-end.

But as hanks at the 1985 year-end.

But as hanks at the 1985 year-end.

Bank (GIB), the two majors, suf-Shareholder confidence has fered last year from their Latin

and brokerage services, fund ence in West Germany, and management, arbitraging, and Hong Kong and Thailand.

Arab Latin American Bank

market collapse cast doubt on (UGB) are two other offshore this strategy too, so that offshore institutions which have been hit



rain's Finance Minister

last year after provisions. The bank "resolved to begin 1988 with a clean loan portfolio," Mr al-A-

teeqi says in his report.

For the last two years it has been restructuring its operations, expanding in foreign exchange dealings, insurance and other bro of London.

Investcorp is one Arab offshore institution which has seen its both fewer pitfalls and fewer profits rise consistently - to opportunities. Only three out of \$28.8m last year compared with the island's five local commercial \$15m in 1986. Its presence in Bah-banks reported profits last year. rain is due to its 335 founding Liquidity, however – mainly Gulf shareholders and several thousand Bahraini individuals much higher by the end of last who are also shareholders, even year, rising by nearly 10 per cent though its strategy - medium- to BD385m, and the trebling of term buyouts and flotations in government bond issues to property, industrial and con- BD300m announced with the bud-sumer goods ventures — takes it get last January has given local

Bahrain Middle East Bank Watford, the new Dubal-based regional head, is continuing with its Bahrain OBU "mainly for recovery of debts in the region."
Operations for the Gulf, excluding the United Arab Emirates will be directed from London and Zurich. This trend is likely to continue among Western interna-

tional banks. But if Bahrain has lost its appeal for some banks, which no onger see its proximity to Saudi Arabia as attractive, it is the opposite for Japanese investment houses, which are aggressively marketing yen-denominated securities. They have identified Bahrain as the most advantageous Middle East base from which to finance Japanese growth from Arab capital exporters.

And once the Japanese corpo rate mind was made up, they Ibrahim Abdul-Karim: Bahnow maintain 21 of the 57 representative offices and five - soon to be six - of the 18 investment banks. One of the Japanese groups. Okasan International (Middle East), is 11.25 per cent owned by Investcorp.

Nikko Securities is expected to be the sixth Japanese investment related financial services, includ- year, following in the footsteps of ing an association with J.O. Ham. Nomura, Daiwa and Yamaichi to complete the presence of the Big While others are struggling. Four brokerage houses.

The purely local market offers this strategy too, so that offshore institutions which have been hit banks are left with high costs, a by exposure in Latin America.

management which has the Arlabank has raised its capital, invidious job of sorting out deci
though of the Wo there for the last former once, some property, industrial and the sumer goods ventures — takes it get last January has given local to the US and western Europe. commercial banks more configurations of the 16 Latin American relocating to London, but its time for the last two years.

All of these securities having been sold, this advertisement appears as a matter of record only.



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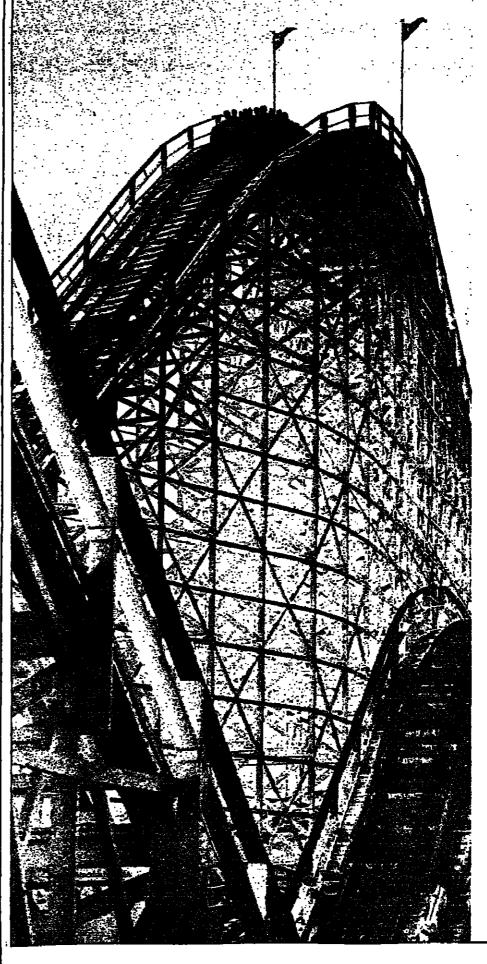
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In accordance with the provisions of the Notes, notice is hereby given that for the six months Interest Period from 7th June 1988 to 7th December 1988 the Notes will carry an interest rate of 8 ½ per cent. per annum. The relevant Interest Payment Date will be 7th December 1988 and the Coupon Amount per US\$ 50,000 will be US\$ 2,080 99 and per US\$ 250,000 will be US\$ 10,404 95.

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Bank of America

Barry Riley on international ambitions at a Swedish insurance group

Skandia sets out a life policy

SKANDIA INTERNATIONAL, the Swedish-based insurance group so far mainly involved in ucts, possibly supplemented by reinsurance, is bidding to become mortgages, asset management a significant international force and financial planning ser-in the life assurance, pensions vices.In Continental Europe

in the life assurance, pensions and savings business.

Building on the base of its UK unit-linked subsidiary, Skandia life, launched in 1979, it is about to open a start-up life business in the US called Skandia Life America Corporation (Slam), and is completing what it describes as a master plan to exploit the opening of the internal market for financial services throughout the European Community in 1992.

But Skandia rejects the idea of

acquiring existing life and pen-sions companies. Mr Hans Dal- The British, he asserts, cannot borg, Skandia's managing director, claims that other groups are eign cultures which the Swedes paying far too much. "I can't have become used to." understand what type of calculator they are using to get the right return on equity," he says. Skandia's strategy is built, he

says, on the assumption that there is a market of fairly wealthy people in the UK, but also in Europe and the US, for involves which the social security system will not be enough to maintain their standard of living when

they grow older.
People are ageing, as succes-People are ageing, as successive generations become smaller, Mr Dalborg observes. "If you have a pay-as-you-go system of financing social security this is not going to survive. People are increasingly worried about outliving their income."

According to Mr Jan Carendi, head of the group's international life operations, the philosophy is to follow the up-market individual and his needs. "We offer few products, but they are very flexible and with a lot of options."

lapsed in 1986, cutting its foreign

income by 40 per cent, Algeria started to finance imports of

When the price of crude oil col-bilateral sources.

Unit linked life assurance and pensions will be the major prod-

But Skandia rejects the idea of Swedes can contribute a proven

Skandia International does not operate just in Sweden, having been constituted independently in 1985 from the foreign brokers in the UK, stockbrokers operations of its former parent, in the US (where its unit-linked

involves marketing the same range of products throughout the EC. There will probably be some Luxembourg trusts, and some offshore unit trusts.

that it will continue to avoid banks would be shifted to more will be made available in a co-fin-such an eventuality this year. banks would be shifted to more will be made available in a co-fin-stable medium-term funds from ancing with the World Bank.

spare parts, semi-finished and credit from France at a concessory consumer goods — which it previously paid for with cash — with points over London interbank refinance the country's yen offered rates, but that money has demoninated debt. Algeria is the

mercial banks.

By last year, Algerian bankers

Were seeking official export

More recently they secured Exim Bank.

commitments of about \$500m

For their particulars of about \$500m



Hans Dalborg: a tribute to British inventiveness

salesmen or tied outlets, but is committed to market its products through independent intermediaries. These can be insurance savings plans will be treated as The master plan for 1992 securities for regulatory purposes) or commercial banks in, say, Switzerland.

Unlike many life companies, Skandia International contracts out its fund management requirements, which Mr Carendi says

Algeria may again avoid debt rescheduling

ALGERIA HAS for several years credit lines to finance such from Japan's Exim Bank for the are estimated to have lent Alge-

confounded predictions that it imports. The reason was twofold: six months to September 1. This rian borrowers about \$300m so

would be forced by falling oil the terms were more attractive total is made up of \$200m-300m in far this year. That figure should prices into rescheduling its foreign debt. Prospects are good eign debt. Prospects are good attle short-term credit from rian banks, while a further \$200m of next summer.

Algerian bankers last year suc- will be most welcome as the Ban-

ceeded in securing FFr3bn que d'Algerie, the country's cen-(\$514.5m) worth of three-year tral bank did not hedge its non-

quality products should go through at very low expense." The immediate step is the be immediate step is the launch of Slam. It is costing between \$35m and \$40m to establish this American operation nationwide, with all the complications of the requirements to

gain approval in every state. The gain approval in every state. The target is to sell the first plan by July 1.

The products involved are called single premium variable annuities, with maturities up to 10 years aimed at neonle saving 10 years, aimed at people saving for retirement.
"We see the ageing of America

as a tremendous opportunity for us," says Mr Carendi. "But whereas we started out thinking that our prime client was in his forties, he is rather in his fifties." Hence the relatively short terms of the savings plans. But Skandia will start with the

disadvantage that it is just about completely unknown in this mar-ket, where it will be operating through the security distribution chain, although it has a substan-tial US general insurance business. The question is whether it will be able to make effective use of experience gained in Europe.

Mr Dalborg declares: "A com-mon philosophy in the group is the transfer of skills. Some of our ideas and competence in the UK can be used elsewhere, particucreates multiple options for the client. Instead the group focuses in-house on systems research and development. "I tend to look at life companies these days as administrative factories, where

> The World Bank for its part has committed about \$400m to

various projects in Algeria in

1988. One loan of \$150m, a sectoral restructuring loan for agricultural is under discussion.

Algeria is also trying to refinance some of the money it borrowed short-term with commer

cial banks. This is no easy task as banks remain very cautious

The crash was not enough to cause companies any signifi-cant losses. The combined balance of financial assets held by

The non-operating profits of Toyota Motor, which topped the league table of zaitech tric Industrial, the leading consumer and industrial elec-tronics group, saw its *zaitech* profits fall 5.4 per cent.

Japanese moderate treasury operations

By lan Rodger in Tokyo

JAPANESE industrial companies appear to be moderating their treasury operations since last October's worldwide stock market crash, according to the Tokyo-based Wako Research Institute.

Wako has just published its annual study of companies' profits from investment of surplus funds. Until October, many Japanese companies were investing their cash sur-pluses so aggressively in financial markets - a practice that came to be known as zaitech, or financial engineering that they were making more money on money than from producing cars or television

ZAITECH TOP TEN						
Company	Investment proint (Ybn)					
Toyota	149.6	-6				
Metsushila	109.2	-5				
Nissan	89.4	-30				
Sharp	28	-9				
Sony	27.2	-30				
Honda*	22.7	+705				
Sanyo	21.5	+20				
M'bishl Elec	20.8	-55				
Chiyoda	20.5	+ 18				
Suzu	16.4	t				

the 993 companies surveyed by Wako grew 37.9 per cent to Y13,093.2bn (\$104bn) at the end of the fiscal year to March. However, this growth rate was smaller than in the previous year, and so most of the leading zaitech operators recorded declines in their prof-

its from financial investo operators for the eighth con-secutive year, fell 5.9 per cent to Y149.6bn. Matsushita Elec-

Dealers regain appetite for Canadian dollar issues

BY DOMINIQUE JACKSON

ondary trading. Eurodollar bond prices opened marginally firmer across the board in the wake of Friday's US poard in the wake of Finday's US
Treasury bond railly. However,
prices later eased in line with the
softer opening in New York.
Trading was subdued, with attention focused on US producer
price data for May, due for
release on Friday

release on Friday.

A half percentage point rise in UK base lending rates to 8½ percent lent support to the gilt-edged market although gains were limited in continued low volumes. The Eurosterling market was also quiet although dealers detected some buying in maturi-ties of five years and longer. The weaker Australian dollar continued to undermine senti-

ment in the Euro-Australian dollar sector although most prices bounced back later in the day from lower opening levels. Syndicate teams meanwhile detected renewed appetite for Canadian dollars following last week's respite in issuance.

Wood Gundy brought the Prov-ince of Manitoba to the market with a C\$150m 10-year deal which has a novel put option after four years. The issue carries a 9% per cent coupon and is priced at 101.

The lead manager said the deal was trading within fees and was expected to see steady demand. Syndicate managers at houses not involved in the deal said the issues by Canadian provinces saw good demand as many investors considered them to carry a quasi-government guarantee. of 7% years. It pays a margin of Manitoba's rare appearances as 32 basis points over London interborrower would add to its attrac-

The other popular Canadian dollar deal of the day was a C\$100m issue launched later in the day by RBC Dominion Securi-Finance led a \$40m five-year deal

Although swap rates in the sector were not looking especially attractive, a CS100m deal for Ford

INTERNATIONAL BONDS

10% per cent deal at 101% carries the guarantee of Ford Motor

Deutsche Bank Capital Markets was lead manager of the issue, which also traded inside fees. Dealers said the terms of the issue appeared tight but acceptable when compared with several Ford deals outstanding in the market. The frequency of the bor-rower's entry into the market this year could also slow demand, dealers said, although the lead manager's strong retail network was expected to ensure place-

Crédit Lyonnaîs issued a Caroni Lyonnais Issued a Caroni three-year deal at 10½ per cent and 101½, led by Bankers Trust. Despite its attractive short maturity, the issue was also deemed a little on the tight side but was quoted bid at a discount of 10% at 11% forms. of 1.35, still within total 1% fees.

J.P. Morgan led a £200m mort-page-backed floating rate note for MAES Funding No 1, a special purpose funding vehicle for the UK retail mortgage arm of Canadian Imperial Bank of Commerce. The deal matures in 2018 but is expected to have an average life 32 basis points over London inter-bank offered rate for the first 10 years and 50 basis points thereaf-

THE EUROBOND market started the week with a batch of new issues – four of them in Canadian dollars – but with few fresh factors emerging to influence secondary trading.

Fundellar band prices around its parent. The deal was priced at 65.52 for an issue was priced March 1993. The deal was priced

Credit Canada was understood to have been swapped. The five-year deal with equity warrants for its parent Nikko Securities. The first parent MIKRO Securities. The first tranche has a five-year life and its coupon is indicated at 4% per cent. The second tranche has a six-year maturity and a 5% per cent indicated coupon. Warrants on both tranches are fully found on both tranches are fully fungi-

Nikko also led a Ecu70m issue for Crédit Poncier de France, which carries a 7% per cent coupon and is priced at 101. The deal is fungible with outstanding CFF deal which also matures in 1994. Both have a French Govern-

ment guarantee. In West Germany, prices of domestic issues rose by as much as % point at the longer end of the market. Dealers were surprised by the scale of the improvement which they attri-buted to Friday's New York rally

and to short covering. In Euro D-Marks, some supra-national deals gained up to a full point aithough average rises were % to % point. Volume was generally higher than seen last

week. CSFB-Effectenbank led a DM200m 10-year issue for Farming Finance, a vehicle of Banca Nazionale dell'Agricoltura, the Italian farmers' bank. The cou-pon is 6% per cent and the price

Prices in Switzerland finished the day narrowly mixed in rea-sonable volume. A SFr150m issue for Oppland Energiverktrading for the first time closed at 97% compared with a 101% issue price. Union Bank of Switzerland the day by RBC Dominion Securi-ties for Royal Bank of Canada, for Fuji Bank Luxembourg, guar-ties for Kobe today.

FT GUIDE TO WORLD CURRENCIES

The yen-denominated loans

sixth largest customer of Japan's

For their part, Japanese banks about Third World lending.

Application	COUNTRY	£ 576	US S	D-MARK	YEN (X 100)	COUNTRY	£ STG	US S	D-MARK	CX 100) YEN	COUNTRY	£ STG	US \$	D-MARK	YEN (X 100)
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Appella (Central St.1)				0.3	0	Guarra (US	\$) 1.8025	_			Shill-plant (Deep				<u> </u>
Advantage Control Co					<u> </u>	erarewara (doers	4,6205a		0.4						
Anderson (1997) 2.575 0.25 0.27 0.29 0.00 0.00 0.00 0.00 0.00 0.00 0.00	Antigua (E Ca	rtS) 487	0.7	0.5	ğ	Guinea (Fr) 541.65	0.4	0.000		T (NZ Ś	2.6000	0.4	08	Ĉ.
Author Office Control 23 Pp. 0.00 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Argentina (Aus Aruba (F)	orin) 3 2316	0.7	0.00	Ö.00		S) 16,2072	0.00 0.9	0.1 0.2		Poland (Zloty Portugal (Focuse) 797.92) 253.59			=
Salvaria (Balanara 1) 10022 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Australia (A Austria (Schil	us S) 2.2735 Ilno: 21.79	0.00	0.7	B			0.000		n	Puerto Rica (USS	1.8025		0.5	ă.5
September Control Co	Azores (Port Est	udo) 253 59	0.6	0.9		Honduras (Lempl	3.6037	0.9	<u>ģ.į</u>		Qatar (Riyal	6.5590	0.6	0.1	0.1
September Control Co	Bahamas (Bahan	na 5) 1 8025	, o_	0.5		Hungary (Fori	が 87.4505	0.5	0.2	ŏ	Reunion Is, de la (F/Fr	10,4625	O.B		0
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Section Company Comp		AFr) 523 13	L D2	0 1 0.00	g.	Israel (Shek	el) 2.86 e) 2301.75	0.5	0,9	Ŷ	I St Vincent (E Carr S) 4.87	0.7	0.5	Õ
Boltram 150		an S) 1.8025	. 0	05	<u> </u>	Ivory Coast (CFA	7) 523.13	ōź	8.00	ō	Sao Tome (Dobra	132.75	0.6	9.0	
Service (1944) 1 - 10-23 34-475 0.00 0.1	Bolivia (Böllv	uno) 4 2058	1 03	03		Jamaica Clauraicas	5) 9.7243	0.5	0.1	0	Senegal (CFA Fr.	523.13		0.1 0.1	
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Baleyan Prize C. Leg 1,541,5	British Virgin Is ()	JS 5) 1.8025 LLS) 1.6471	0 00	0.5		Variables /55	-n 10n cc			0	Singapore (S	3.6478	0.00	0.1	
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Commercia (CFAFF) 532.13	Borma (1	(yau 11 569	9 0.4	0.7		Korea North (Wr	s) 2.2/35 n) 1.6972	n G	0.5	0,5	South Africa (Rand	4 0290c		0.3	
Carried Circle Fro 32-23-3					_	Korea South (Wo Knowaki (Knowaki Die:	m) 1315.23 m) 0.49765	0.6 0.2	0.9 0.1	0 0.1	Spain (Petria)				
Canaly 11 (Sp Pesstal) 294.54 0.5 0.7 0.1 0 Lebsson (Lebsson 1) 0.7 0 Sr Lainta (Roper) 55.30 0.5 0.8 0 Carrier 11 75.55 0.7 0.7 0 Carrier 11 75.55 0.7 0 Carrier 1			02	0.00 0.7		1					Spanish Ports in				•
Cent Afr. Rep. (CFA Fr) 522 13 0.2 0.00 0 U. Line Line	Canary Is (So Pe	setal 204.64	0.5	Ō.1	Ŏ.	Fepauco (Fepaucse	E 649.08	0.00	0.7	ŏ	Sri Lanka (Rupee)	55.30	0.6	0.8	
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Colored (Col Pero) 531.30 0 7 0.6 0 Massed Pert 12.00 531.30 0.0 0 0 Talwas (S) 17.25 0.0 0 0 Corporation (Color) 15.5 8.6 0.3 0.8 0 Massed Pero 1.75 0.0 0 0 Massed Pero 1.75 0.0 0 0 Massed Pero 1.75 0.0 0 0 0 0 Massed Pero 1.75 0.0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Chile (Chilean i	'eso\ 446 00	0.4	0.1		Thiseuponia (This	64.70	0.8	0.9	ŏ	Switzerland (Fr)	2.5800	0.4	0.8	Ŏ
Compon Str. CFA 523 13 13 12 12 13 13 13	Colombia (Coli	'eso) 531.30	0.7	0.6	0	Macao (Patai	a) 14.5343	6.00	0.6	0	Syrta (E	48.7485	0.00		0
Corda (Cuban Peno) 1.375; 0.7 0.4 0.4 0.4 Majerial (Ruschal 4.5970 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.5 0.	Congo (Brazz) (CF.	A Fr) 523 13	0.2 0.2	0.00 0.00		Madeira (Port Escut	b) 253.59	14	0.9 8.9	8	Tahvan (S)	51.28 172.65		0.5 0.7	
Control Cont	Costa Rica (Ci	olen) 135.86	03	0.8	Õ.	Malawi (Kwaci	12 1 4 5 TOO	<u>0.5</u>	0.4	<u>0</u> .4	Thalland (Beht)	44.90	0.9	0.5	Ō
16.45 0.7 0.1 0	Cyprus (Cypr	6 D 0 B270	0.4	ŏ.2	Ŏ.2	Maldine is (Ruff)	18.2356	0.1	0.8	ĕ	Tonga Is (Pa Anga)	2.2/35	0.2	0.7	ō
Turky Clark 293, 10 1.6 0.2 1.5 0.	Czechoslovakia (Kor				0	□ Mali Rep (CFA i Maka (Makese	M 523.13 D 0.5875	0.2 0.3		0.1	Trinidad/Tobago (\$) Tunisia (Dinari			0.4	
Denmirk (Dunish Krower) 11.7975 0.5 0.8 0.8 0.9 0.00 0.00		15 841	ŏ. 7	<u>0.1</u>		Martipique (Local i	7 10.4625		0.3	0	1 Turkey (Lira)	2393.10	16	0.2	1
Dilibort Rev Dili	Denmark (Danish Kr	- 11797 -	5 05	0.B		Magrities (Magrities	51.20	0.4		<u>ŏ</u>	Turale (Anstralian Si	2.2735	ŏ.2	0.7	0.5
Ecuador (Surre) 449.680 0.4 0.2 0 Mongolia (Tupik) 6.0554 0.3 0.9 0 0.1 0.1 0.1 Mongolia (Tupik) 6.0554 0.3 0.9 0 0.1 0.1 Mongolia (Tupik) 6.0554 0.3 0.3 0 Mongolia (Tupik) 6.0554 0.3 0.3 0.3 0 Mongolia (Tupik) 6.0554 0.3 0 Mong	Djibarti Res (Dji	Fr) 319.00	, ğ.ğ	0 00	Ŏ	Mexico (Mexican Per	DI 41100.508	2.8	1.8 1.7	1	Uganda (New Shilling)	109.03		0.2	
Exador (Sucre) 449.680 0.4 0.2 0 Monogolia (Tigelia) 6.0584 0.3 0.9 0 Usade (Ecar S) 4.87 0.7 0.5 0 USSR (Rosbie) 111.07 0.6 0.8 0 Monoscor (Colon) 9.01 0 9.0 0 Monoscor (Obrinan) 14.43 0.000 0.6 0 USSR (Rosbie) 111.07 0.6 0.8 0 Monoscor (Obrinan) 14.43 0.000 0.6 0 USSR (Rosbie) 111.07 0.6 0.8 0 Monoscor (Obrinan) 14.43 0.000 0.6 0 USSR (Rosbie) 111.07 0.6 0.8 0 Monoscor (Obrinan) 14.43 0.000 0.6 0 USSR (Rosbie) 111.07 0.6 0.8 0 Monoscor (Obrinan) 14.43 0.000 0.6 0 USSR (Rosbie) 111.07 0.6 0.8 0 Monoscor (Obrinan) 14.43 0.000 0.6 0 USSR (Rosbie) 111.07 0.6 0.8 0 Monoscor (Obrinan) 14.43 0.000 0.6 0 USSR (Rosbie) 111.07 0.6 0.8 0 USSR (Rosbie)	Dominican Rep (D)	eso) 9.0275	ă.600	0.9		Miguelon (Local	10.4625	O.A	0.3		DAE (Qirham) United Kinadora (E)	1.00	0.5	0.1 0.3	0.1 0.3
Egynt (Egyptian £) 4.1495 0.2 0.3 0.3 0.3 Morocco (Ohriam) 14.43 0.000 0.6 0 Vanuatu (Vatu) 181.50 0.6 0.6 0 El Salvador (Coloni) 9.011 0.9 0.9 0 0 Mazanbique (Metica) 820.60 0.2 0.1 0 Vanuatu (Vatu) 181.50 0.6 0.6 0 El Salvador (Coloni) 9.011 0.9 0.9 0.9 0 Mazanbique (Metica) 820.60 0.2 0.1 0 Vanuatu (Vatu) 181.50 0.6 0.6 0 El Salvador (Coloni) 9.011 0.1 0.1 Mamibia (S.A. Rand) 4.0290 0.2 0.3 0.3 Veoezuela (Bolivar) 26.1796 0.5 0.4 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 Veoezuela (Bolivar) 26.1796 0.5 0.4 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 Veoezuela (Bolivar) 26.1796 0.5 0.4 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 Veoezuela (Bolivar) 26.1796 0.5 0.4 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 Veoezuela (Bolivar) 26.1796 0.5 0.3 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 Veoezuela (Bolivar) 26.1796 0.5 0.3 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 0 Veoezuela (Bolivar) 26.1796 0.5 0.3 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 0 0 0 0 Namibia (S.A. Rand) 4.0290 0.2 0.7 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Equator (S.	ceel AAD AD	- 04	A2	_	Menaco (French i Monacila (Tueri	61 10.4625 8) 6.0584	0.8 0.3	0.3 0.9	0	Upited States (US S)	1.8025	D D 4	0.5 0.2	9.5
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Fairc is Chainis Kroner 1 17975 0 5 0.8 0 3 0.3 Netherlands (Guilder) 3.4750 0.9 0.1 0.1 Victory (Dorn) 664.42 0.6 0.6 0.6 0 0.5 Virgin is British (LiSS) 1.8025 0 0.5 0.5 0.5 Virgin is British (LiSS) 1.8025 0 0.5 0.5 0.5 Virgin is British (LiSS) 1.8025 0 0.5 0.5 0.5 Virgin is British (LiSS) 1.8025 0 0.5 0.5 0.5 Virgin is B						i Neosi - Cheosiese Ruco	A AN 2627	0.2 0.3		0	Accession resolutions	13.5913	0.5	0.3	Ŏ
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Gambia (Dalasi) 11.6906 0.4 0.7 0 Pakistan (Pake Ruper) 31.40 0.4 0.1 0 Yugoslavia (Dinar) 3577.29 1.6 18 1 Germany Rest (Dinari) 3.0950 0.7 0 0 Panama (Balboa) 1.8025 0.0.5 0.5 Zaire Rep. (Zaire) 254.9901 0.4 0.3 0 Grans (Cedi) 333 27 0.8 0.6 0.6 0.6 (Diraticar (Gib E) 1.00 0.5 0.3 0.3 (Ranguay (Guyrani) 582.406 0.1 0.1 0 Zimbia (Rangua) 14.05 0.7 0.5 0.5 (Diraticar (Gib E) 1.00 0.5 0.3 0.3 (Ranguay (Guyrani) 582.406 0.1 0.1 0 Zimbiabwe (S) 3.2150 0.7 0.00 0.00	Fr. Pacific IS (CF)	· Fr) 184.00	9.8		_	1			0.2	0.2	Yemen PDR (Dinari	18.47 0.6193	0,2 0.3		
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	Greece (Drack	ma) 247 95	<u>0.5</u>	0.1	<u> </u>		1592.07a	0.2	0.4	0	<u> </u>				

TRADEINDEMNII CREDIT RISK MANAGEMENT SERVICES 01-739 9939



FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an	Closing prices on June 6
US DOLLAR Change on	YEN STRAIGHTS bound Bid Offer day week Yield
STRAIGHTS Issued Bld Offer day week Yield Abbey National 712 92 200 9312 94 +014 -012 9 56	Relation 51, 92 55 1021, 1021, 0 +01, 4 74
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1 A/S Eksport/leags/7 93 100 193% 94% 40% 40% 700	Elec. De France 51, 94
Bart 8k Fin 104 89 200 f1024 1023 +04 +04 8.27	Manager 5 to 95 50 99 to 99 to 40 to 517
Belglum 9½ 92	SMEDER 434 A2 20
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] Credit National 7 4 91 150 95 95 % +0 % +0 % 889	9 Rt 101, 97 : 250 981, 90 -01, -05, 10 44
Denmark 71 ₆ 92	British Airways 10 98 £ 100 96 ¼ 96 ¼ +0 ¼ -0 ¾ 10 58
EEC.7493	C.I. B C Mort 104, 93 C5 100 r1014; 1015; 0 +04; 10.33 Coop. Ctr. Rabo 64; 93 FL 100 1024; 1024; -04; -04; 558
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G.M.A.C. 889. 250 994 994 +04 +04 8.40 G.M.A.C. 84 89. 200 994 1004 +04 +04 8.34	
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Yasuda Trust Fin 8½ 93 100 97 97½ +0¼ -0¾ 9.20 Arerage price change On day +0¾ on wesk +0¾	MOTES Spread Bid Offer Cable Cape - Alberta 3 93
Yasuda Trust Fin 8½ 93 100 97 97½ +0¼ -0¾ 9.20 ; Arerage price change On day +0¾ on week +0⅓	MOTES Spread Bid Offer Cath Capa Alberta 3 93
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Page 25 Page	### Alberta 3 99

June 7 1988

Sues

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Lloyds Bank Base Rate.

Lloyds Bank Plc has increased its Base Rate from 8 per cent to 8.5 per cent p.a. with effect from Monday 6 June 1988.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Lloyds Bank Base Rare will be varied accordingly.

The change in Base Rate will also be applied from the same date by the United Kingdom branch of The National Bank of New Zealand Limited.



THE THOROUGHBRED BANK.

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

Bank of Scotland BASE RATE

Bank of Scotland

announces that with effect

from Monday, 6th June, 1988

its Base Rate will be

increased from

8.00% per annum to 8.50% per annum



The Royal Bank of Scotland pic

Base Rate

The Royal Bank of Scotland announces that with effect from close of business on 7June 1988 its Base Rate for advances will be increased from 8% to 8\\% per annum.



BASE RATE

CLYDESDALE BANK PLC

ANNOUNCES THAT WITH **EFFECT**

FROM 7TH JUNE, 1988,

ITS BASE RATE FOR LENDING

IS BEING INCREASED

FROM 8% TO 8½% PER ANNUM

Standard & Chartered

Base Rate

On and after

7th June, 1988

Standard Chartered

Bank's Base Rate for

lending is being

increased from

8.0% to 8.5%

Standard Chartered Bank Head Office 38 Bishopsgate, London EC2N 4DE Tel. 01-280 7500 Telex 885951



With effect from the close of business on Monday 6th June 1988 and until further notice, TSB Base rate is increased from 8.00% p.a. to 8.50% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

TSB Group plc, 25 Milk Street, London EC2V 8LU.

Hill Samuel **Base Rate**

Hill Samuel & Co. Limited announce that

with effect from close of business

on 7th June 1988, their Base Rate

for lending will be increased from

8.0 per cent to 8.5 per cent. per annum.



Hill Samuel & Co. Limited 100 Wood Street, London EC2P 2AL Telephone: 01-628 8011.

Girobank plc **Base Rate**

Girobank announces that

with effect from

close of business

on 6 June 1988

its Base Rate was

increased from 8.0% 8.5% per annum.

Reg Office: 10 Milk Street London EC2V 8JH Reg No: 1950000

bank leumi (uk) plc

Base Rate

Bank Leumi (UK) plc would like to announce that with effect from Tuesday 7th June 1988 its base rate for lending is increased from 8 per cent per annum to 8½ per cent per annum.

bank leumi בנק לאומי 🛞



Coutts & Co. announce that their Base Rate is increased from 8.00% to 8.50% per annum with effect from the 7th June, 1988 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Courts Base Rate will be varied accordingly.



Base Rate

With effect from Tuesday 7th June, 1988 Co-operative Bank Base Rate changes from 8.00% p.a. to 8.50% p.a.

調THE CO-OPERATIVE BANK

Co-operative Bank p.l.c. P.O. Box 101, 1 Balloon St., Manchester M60 4EP. Tel.: 061 832 3456

Barclays Bank Base Rate.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 6th June 1988 their Base Rate increased from 8% to 8½%



Reg. Office: 54 Lombard St., EC3P 3AH. Reg. No's 1026167 and 920880.

THE F.T. CENTENARY TRIPLE MARATHON **CHALLENGE** (London Paris New York) IN AID OF THE SICK CHILDRENS TRUST

Two employees from the Financial Times will be running the London, Paris and New York marathons this year to raise money for The Sick Children's Trust.

This charitable trust provides desperately needed accommodation for parents of children undergoing long-term specialist treatment at Great Ormond Street and St Bartholomew's Hospitals. The accommodation is currently in very short supply and is urgently required to house parents to comfort their children while they are away from home.

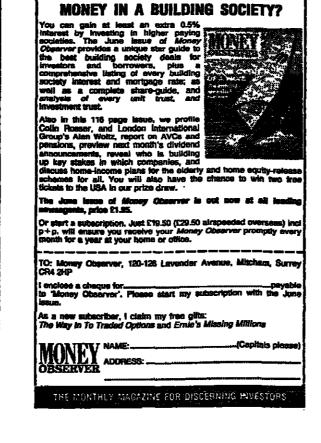
To sponsor the FT athletes please contact:-

Tim Kingham or Cliff Crofts on 01-248 8000 or write to them at:-

Financial Times, Bracker House, 10, Cannon Street, London, ECAP 4BY.

THE SPONSOR WHO DONATES THE HIGHEST CONTRIBUTION WILL RECEIVE A CASE OF LAURENT-PERRIER FT CENTENARY PINK CHAMPAGNE.

FINANCIAL TIMES





NatWest announces that with effect from and including Tuesday 7th June 1988 its Base Rate is increased from 8.00% to 8.50% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lothbury London EC2P 2BP

YORKSHIRE BANK Base Rate

With effect from close of business on

Tuesday 7th June 1988

Base Rate is increased from

8% to 8½%

All facilities (including regulated consumer credit agreements) with a rate of interest linked to
Yorkshire Bank Base Rate will be varied accordingly.



Head Office 20 Merrion Way, Leeds LS2 8NZ

Amersham advances 14% to £25m

Amersham International, healthcare and medical research products group, increased pre-tax profits by 14.5 per cent to £25.3m for the year to March 31, against £22.1m in 1986-87.

The strength of sterling held back sales, which rose 11 per cent to £165m (£148m), although over-all group profits were not badly

The company said currency fluctuation had affected profits made on business overseas and translated into sterling. It had also made it difficult to increase prices to compete with US-based

However, the effect had been partially offset, said Amersham, by increased productivity, a rig-orous programme of cost containof sterling against foreign curren-turing and marketing costs and cies. The company said it had contributed to development costs, taken out forward contracts he added. which it expected would cover Sales of Ceretec, an agent the worst effects of continued which helps measure the flow of

currency instability in 1988-89. Earnings per share rose 23 per cent from 26.6p to 32.6p, and the company recommended an increased final dividend of 6.8p. making 10p (8.2p) for the year.

Research products increased operating profits by 7 per cent, from £15.7m to £16.8m on sales of £64.8m (£58.5m), affected by the weakness of the dollar.

Operating profits increased by 38 per cent to £9.04m (£6.55m) in the medical products division, on sales of £71.2m (£62.8m).

Mr Stuart Burgess, chief executive, said major investment in the Amerlite laboratory diagnostic system was now beginning to y increased productivity, a rig-rous programme of cost contain-used to analyse blood and body tent and some selective hedging fluids - recovered its manufac-

blood through the brain and aids the detection of disorders such as Alzheimer's disease, also contributed to the improvement in prof-

Amersham also armounced yesterday that it was to acquire the sole rights to the technology resulting from a joint research programme with Thorn EMI. The companies have developed low-cost biosensors which are used for rapid analysis of patients'

Industrial products increased profits from \$5.32m to \$5.82m on sales of \$29.1m (\$27.2m). Amersham said it was developing microbial testing for food, dairy and other industries and expected these products to be ready for

and collaborative ventures.



Stuart Burgess - Amerlite investment beginning to pay

The company added it would ing the year was down from continue to expand the business £21.4m to £18.7m. Gearing organically and through the increased slightly from 36.1 per acquisition of related businesses cent to 36.9 per cent.

GrandMet in £21.5m frozen desserts deal

Express Foods, a subsidiary of ing director of Express Foods, Grand Metropolitan, has paid said: This purchase provides £21.5m to acquire Kaysens, a pri- Express with an excellent oppor-

Kaysens has a factory in North London. It mainly supplies the UK catering trade, with a small amount of sales going to the

vately owned manufacturer of tunity to further strengthen and frozen cakes and speciality des-develop its position in the frozen desserts market.

"Kaysens compliments our existing business, Fleur de Lys, which was acquired in October retail sector.

1987 and has a major presence in
Mr Mike Hodgkinson, managthe retail sector of the market."

Courts lift last obstacles to bid for Koppers

By Philip Coggan

The remaining obstacles to Beazer's \$1.7on bid for Koppers. the US aggregates and chemicals group, appear to have been lifted. Courts in California and Pittsburgh have removed injunctions which prevented the UK housebuilding and construction group from consummating its offer. Beazer's \$61 per share offer, which is now recommended by the Koppers' board, is open until

First Leisure sells London arcade for £6m

By Vanessa Houlder

First Leisure Corporation has sold the Crystal Room Arcade in Leicester Square, London, to United Leisure for £6.05m in

The Crystal Room, its only city centre arcade, made an operating executive chairman in January profit of £909,000 for the year 1987. ended October 31 1987, but is expected to show reduced profits following recent changes in legis-lation affecting opening hours in the Westminster area.

Merger accounting helps Bromsgrove rise to £2.9m

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

FIRST-TIME contributions from a and domestic appliances. The series of acquisitions helped push up pre-tax profits at Bromsgrove Industries, specialist engineering group, from a restated film to £2.9m for the year to end-March, on turnover up from £18.5m to

The figures included profits of two companies bought on the last day of the financial year – Richard Arnold and Eurocast Bar on a merger accounting basis as though they were part of the group for the full period.

Dilution from share issues and a rising tax charge prevented earnings growth matching the profits increase, but earnings per share nevertheless doubled from 4.78p to 9.77p. A proposed final dividend of 1.45p makes 2.1p (1.65p) for the year.

Bromsgrove, formerly a small

has made eight acquisitions which have taken it into a wide variety of markets including aerospace, defence, electronics a prospective p/e of 9.5.

purchase of Triman and Neville last month, after the year-end. has taken it into sports footwear and financial services.

comment

For all Bromsgrove's enthusiasm about niche engineering businesses in technologically advanced products, it is some-times hard to detect the synergy in a group whose lines include trim for domestic appliances, critical components for the aerospace industry and plastic spikes for golf shoes. Rather, this looks suspiciously like a plain old mini-conglomerate of the sort that went out of fashion last October, churning out paper in pursuit of acquisition-led growth. That may be too harsh a verdic of Bromsgrove: if analysts' fore aluminium founder, has grown casts of £5.3m this year prove rapidly following the appoint- correct, it will be some reassurment of 35-year-old Mr Bijan ance that last year's organic Sedghi, a corporate lawyer, as growth, albeit modest, was not a executive chairman in January one-off event. The air of desperation created by the inclusion of Arnold and Eurocast for a full year, however, did nothing to dispel the market's reservations, and the shares shed ip to 114p for



"The merger of FKI and Babcock has created a lean, broadly based international engineering group"

King Chairman

PRELIMINARY RESULTS Year ended 31st March 2000's 50005 904,149 83,563 Turnover Profit before tax **48,565** 11,276 Earnings per share 12.24p 7.36p 0.6p 0.4p Dividend interim 1.75p -proposed final 1.0p 1.4p Total 2.35p

Highlights from the Statement by the Chairman

- Earnings per share up 66% at 12.24p on a higher tax charge.
- Pre tax profits up 330% at £48.5 million.
- Final dividend up 75% at 1.75p and total dividends for year up 68% at 2.35p.
- Net tangible assets per share almost doubled at 54p.
- Rationalisation of Stone and Babcock Companies complete.
- Gearing reduced to a negligible level by sale of FATA and other disposals.
- Group now in strong position to fund acquisitions without recourse to shareholders.
- Strong current trading and substantial order books give confidence for the coming year.

FKI BABCOCK PLC

Stoney Royd, Halifax, HX3 9HP

GUS takes 25% stake in Penguin

Mr Trevor Spittle, joint dep-uty chairman of GUS, is join-ing the Penguin board, together with Mr David Nabarro of Prudential Bache and Mr David Goldstone of

Regalian Properties, The group's seven hotels, in York, Wetherby, Chester, Preston, Birmingham, Leicester and Felbridge in Sussex, are all three-star hotels. "We are aiming at the middle market, conferences and people spend-ing their own money," said Mr Golder. There is a big gap in the market for this type of

for an investment in a leisure-oriented business since it sold its interest in Global Tours in

its healthcare

Stakis, hotel, leisure and prop-

three nursing homes in the Glasgow, Edinburgh and Sheffield areas. Mr Andros Stakis, chief executive, said that the group, which in December acquired the Warren Park nursing home in Scotland, was now established as a major operator in the healthcare sec-

COATINGS & PAINTS

BRIAN HERON (fax 061 832 9248) or write to HIM at:

FINANCIAL TIMES

Hotel chain

Great Universal Stores, Britain's biggest mail-order group, has taken a 25 per cent stake in The Fenguin Hotel Group, the company formed by Mr Michael Golder. He was chairman and chief executive of the Kennedy Brookes res-taurant chain until its acquisition by Trusthouse Forte last

Mr Golder launched the com-pany in May when he bought seven provincial hotels for £30m cash from the Ladbroke Group. He personally has a 20 per cent stake in Penguin and is chief executive. More than a dozen major financial institutions have also taken equity

Mr Harold Bowman, joint deputy chairman of GUS, said his company had been looking

Stakis expands

erty group, is to expand its interest in the healthcare field through the purchase of Dalnair and Bradley Court for

The two companies run

Stakis also revealed plans for five nursing homes in city centre locations in Scotland and England and by next year expects to have more than 1,000 nursing beds in opera-tion, with an investment value of more than £20m.

ionday, 3rd October, 1988 For a full editorial synopsis and dvertisement details, please contact:

Regional Manager on 061 834 9381 (telex 666813)

Financial Times Alexandra Buildings Queen Street Manchester M2 5HT

M&G moves ahead 20% to £10.7m at half-time

M&G, unit trust group, achieved a 20 per cent increase in pre-tax profits from £8.88m to £10.68m in the half-year to end-March. Earn-

ings per share advanced 18 per cent to 9.38p.

Bond Corporation, the Australian group headed by Mr Alan Bond, has a 10 per cent stake in

the company.

Despite the effects of the stock market crash, sales of M&G's unit trusts were only marginally lower than the record levels achieved during the same period last year, at £215m against £230m. But redemptions also rose sharply to £221m compared with sharply to £221m, compared with £144m. Mr Andrew Caldecott, chair-

man, described the figures as "encouraging" but warned that "the second half will compare with the exceptionally high level of profitability experienced in the second half of last year." During this many made many made are this period the group made pre-tax profits of £14.45m.

Yesterday the shares fell 5p to

close at 365p.

Revenue from unit trusts rose to £16.39m (£15.24m). Marketing and commissions costs fell from £5.38m to £4.34m, but administrative costs were higher at £5.11m (£3.86m). This mainly reflected the introduction of new systems to comply with the Financial Services Act.

plans following the New Year 3.5p (3p).



"Sometimes you see two com-

seven," he said. San Serif, formed in 1985, has

grown rapidly as a result of the

success of Trivial Pursuit, which

it markets, manufactures and distributes throughout Western

Europe. Pre-tax profits rose to

£6.5m in the 18 months to Decem-

ber 31 on sales of £91m.

Besides its "blue-chip" reputation in the unit trust industry,
M&G has two cushions in difficult times. One is its life assurnace business. In its own right,
this has been expanding comfortably, year-on-year. The immediate effect is to depress profits,
but this belies the longer-term
value of the growth in business.
Additionally, the life assurance

but this bolies the konger-term value of the growth in business. Additionally, the life assurance side provides M&G with more reliable sales of unit-linked investments than other micpendent groups that rely solely on sales through intermediaries. M&G's other strength is its solid cash flow providing reasonably predictable investment income from deposits. It is also likely to be less hit than other groups by the impact of new SIB rules in that it has been less reliant on unit trust trading profits, though their tax treatment. Total annual premiums in force at the year end were ££2.3m, compared with £46.8m. Profits from this side of the company rose from £1.43m to fit the company rose from £1.43m to fit the comparable period in 1987, and £1.96m in the last second balf. M&G's investments depreciated by £9.15m during the six months. This was reflected in net assets per share of \$3.9p, against the stake-building by Mr Bond

months. This was reflected in net the shares on a prospective pie of assets per share of 83.9p, against about 19. They are still reflecting 71.89p in the same period last the stake-building by Mr Bond (25.8m), helped by a surge of interest in maximum investment the shares of 83.9p, against about 19. They are still reflecting the stake-building by Mr Bond end. the part of the same period last the stage-inding by an even though this appears to have let up of late and he clearly has the distractions elsewhere.

See Lex

Cowells, which is capitalised at

have been suspended at 115p, in

view of the size of San Serif rela-

Mr Pryke said he hoped the negotiations could be concluded by the end of the month.

Full details of the merger

would be circulated to sharehold-

tive to Cowells.

Cowells plans San Serif merger

BY VANESSA HOULDER

Cowells. USM-quoted specialist printer, yesterday confirmed that panies merge when two and two £8.5m, made pre-tax profits of it was negotiating a reverse take adds up to four or five. This is a £1.02m, up from £881,000, on turnover of San Serif, the European mixture which would come out at over of 19.76m for 1987. Its shares agent for the board game Trivial Pursuit. Both companies are based in

Ipswich and Cowells said the lei-sure activities, publishing and printing businesses of San Serif were complementary to its diver-

sified printing activities.

Mr John Pryke, chairman of
San Serif, said the two managements had similar philosophies and the merger would help keep resources within the group. In particular, Cowells would print the cards for the Trivial Pursuit

Porter Chadburn and LDH

suspended By Philip Coggan

Shares in Porter Chadburn, the budding industrial conglomerate, and in LDH, the upholstery fabric distributor, were suspended yes-

The suspensions were expected

to presage the announcement later this week of a merger later this week of a merger between the two groups. LDH is capitalised at £9m at the suspension price of 111p; Porter Chadburn at £19.5m at the price of 76p. Porter Chadburn, which is being reorganised under the chairmanship of Mr Raymond Dinkin, made interim pre-tax profits of £158,000 in the six months to September 30, 1987; LDH made pre-tax profits of LDH made pre-tax profits of £604,000 in its last full year.

Armitage bid cleared

The proposed acquisition of George Armitage, brick manufac-turer, by Marshalls Halifax, building materials and engineering group, is not to be referred to the Monopolies and Mergers

Since January 1986, San Serif ers to obtained their approval, if has used the profits from Trivial negotiations were successfully Pursuit to diversify into leisure, concluded, said Cowells, Applicaprinting and publishing. It tion would then be made to the bought Kemps in Birmingham. Stock Exchange for permission to one of the UK's largest directory deal in the enlarged share capital publishers, in June 1986.

Thorn's buy from Hanson Thorn EMI, electronics, lighting and leisure group, is to pay Han-son \$10.8m (£6m) for Kidde Auto-

mated Systems, US-based fire protection and security systems company.

The disposal is the fourth since Hanson bought the security company's parent, the diversified industrial group Kidde, for \$1.7hn

industrial group kidge, for \$1.70n late last year. The three earlier sales, of Computrol, Globe Securities, and of a majority stake in Japan-based Fenwal Controls,

brought in a total of \$77.4m. The purchase price for Kidde Automated is equal to its net assets at the end of 1987, a year

in which it lost \$431,000 on sales of \$28.1m. Thorn said the Ohio-based company's business was complementary to that of Thorn Secu-rity, UK leader in fire detection and the largest UK company addressing the trend towards integrated building control

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
ļ	Amersham Intlfin		Aug 8	5.4	10	8.2
1	Borthwicksint		-	0.5	-	0.5
ì	Braithwaitefin		Aug 31	nil	4.5	nil
Į	Bromsgrove Indsfin	1.45t	July 22	1.15	2.1	1.65
ł	Illing Morrisfin	3	Aug 26	2.75	4.5	4
ı	Kynoch (G & G)int	1_		1	•	4.5
ı	M&G Groupint	3.5	July 8	3		7
J	N M C Groupfin	1.6t	Oct 1	1	- 2.3	1.5
ì	Piccadilly Rad §int	1_	Sept 30	0.88	-	2.25
1	Sheraton Secsfin	1.75	July 25	0.75	2.25	1.13
۱	Sketchleyfin	13†	Aug 10	13	19†	19
	Dividends shown peno *Equivalent after allor rights and/or acquisi *Third market.	enne for s	מווספו חדרה	tOn cani	tal immu	ward her

Design In British Industry

The Financial Times proposes to publish this survey on:

6th July

For a full editorial synopsis and advertisement details, please contact:

> **CLARE REED** on 01-248 8000 ext 3365

> > or write to her at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

GRANV Low Company 185 Ass. Brit. Ind. Ordinary 186 Ass. Brit. Ind. Ordinary 185 Ass. Brit. Ind. CULS 25 Armitage and Rhodes 50 BBB Design group (USM) 155 Bardon Group 100 Bardon Group Cone. Pref. 137 Bray Technologies 100 Bremittil Care Pref. 124 CCL Group 11** Cone Pref. 127 Earlo Pic (SE) 100 Carleo 7.5% Pref (SE) 147 George Blair 40 Us Group 57 Jackson Group 58 Jackson Group 100 Carleo Group 3.7 8.6 1.7 27.2 6.7 10.2 10.3 -4.6 40 10.5 4.2 9.2 9.2 1.6 6.4 2.1 27 6.7 52 11 0 12.3 14.7 6.1 10.3 Torsty & Carliste Trevian Holdings (USM) Unistrut Europe Conv Pref W.S Yeales 80 7.7 27 8.0 16.2 These Securities are dealt in strictly on a matched bargain basis, Norther Granville & Co. nor Granville Davies Ltd are market makers in these securities. Granville & Company Limited 9 Lovat Lane, London ECSR ## Telephone 01-621 1212 Member of TSA Grantike Device Limited 8 Lovet Lane, London FC3R 88F Telephone 01-621 1212 Member of the Stock Exchange & TSA

UK COMPANY NEWS

BP extends tender offer for \$100m of Lear Petroleum debt

British Petroleum yesterday responsible for paying the debt, extended until June 10 its tender this could not be done until the

discount to face value, BP has made the acquisition contingent on the tendering of at least

Holders of Lear debt who decline to accept the tender offer would have to take their chances on Lear being able to repay the debt after BP completes the take-over, which would also be contin-

offer for \$100m (£55m) of debt company returns to financial

draw from the deal raising fur-ther questions about when or if the debt would be satisfied.

gent on the outcome of a share-debt holders to respond to the holders meeting on June 14. offer, and that the offer could be Although Lear would be further extended.

Takeover Panel clarifies water companies' position

Some of the companies have arcane voting structures, which limit the maximum number of votes which may be exercised by shareholders, irrespective of the size of their stake, or even reduce the number of votes available per share as the stake is increased.

All statutory and chartered companies are covered by the code - a clause was recently added to its introduction to reinforce this - but occasionally confusion has arisen because statutory companies are not registered under the Companies Act. The planned privatisation of

the much bigger water authori-ties has stimulated interest in the companies. Large investors notably French water suppliers

have been building substantial
stakes in the 28 private sector
companies, which work under
agency agreements with the 10
authorities.

Yesterday's statement says investors should calculate the maximum number of votes they could exercise if restrictions did

APPOINTMENTS

ADVERTISING

FINANCIAL TIMES

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issues of Lear Petroleum, the US
gas distribution company which
it is in the process of acquiring,
following underscription of the
offer by holders of the debt.

As of June 3 some \$37m of the
debt had been tendered to BP at a
discount to free value RP has

If holders of the debt fail to accept the tender offer, they also run the risk that BP would with-

BP said yesterday that it did not believe the acquisition was in jeopardy because of failure of the debt holders to respond to the

THE TAKEOVER Panel yester-day issued a special ruling clari-fying how the Takeover Code applies to statutory water compa-nies.

not apply and then express that number as a percentage of the total number of votes which could possibly be exercised. As with ordinary companies, once with ordinary companies, once the investor's nominal stake

passes 29.9 per cent, a full offer has to be made. Investors in statutory water companies do not have to declare a stake until it reaches 15 per cent, compared with the 5 per cent disclosure level for regis-

tered companies. Most of the major investors in water companies already express their stakes in the recommended

"I would be surprised if any new investors popped up as a result of the statement," said an official of the panel, which advises any potential bidder or substantial investor to consult it

at an early stage.
"We seem to have been talking about water companies half our time recently."

 Biwater Supply yesterday announced that its final offer for East Worcestershire Waterworks Company would close at 3pm on 20 June. The offer was declared unconditional last month.



HARTWELL Byrom House Nom-inees has acquired a further 710,000 ordinary shares increasing holding to 5.4m ordinary (6.87

per cent).
KELT ENERGY - Rights issue has received valid acceptances for 7.073m offer units (40.8 per

cent).
TRIMOCO- Norcombe, which is beneficially owned by Bishopsgate Investments, has purchased a further 1.5m shares ordinary making total holding 6.15m (7.98

Appears every Wednesday

and Thursday

for further information call 01-248 8000

Tessa Taylor ext 3351 Deirdre Venable ext 4177 Paul Maraviglia ext 4676 ext 3456

NORTHAMPTONSHIRE

The Financial Times proposes to publish this survey on:

21st June 1988

For a full editorial synopsis and advertisement details, please contact:

Anthony G Hayes on 021-454-0922

or write to him at:

Financial Times George House George Road Edgbaston Birmingham B15 1PG

FINANCIALTIMES

The Greater Manchester Media Group SUMMARY OF 1988 INTERIM RESULTS £ £ 2,428,733 Turnover 4,261,727 416,305 Operating profit 253,139 537,300 Group pre tax profit. 1.52p Earnings per share

Pre tax profit up 112%

Buoyant advertising Business development

Second half startingstrongly





Eric Morley (left), chairman of the Miss World Group, Julia Morley, his wife, and Owen Oyston, chairman of Red Rose Radio who agreed a merger of the two companies yesterday.

Liquidation for Drayton Japan as holders vote for transfer of units

of revised reconstruction propos-

als. ton cnarman, continued to three unidentified institu-These will allow investment tude of three unidentified institutrust shareholders to transfer tions which first voted for
either to Drayton Far Eastern
Trust or to a new unit trust, MIM
Britannia Drayton Japan. Following the vote at yesterday's best performing companies, be
extraordinary meeting, the they investment trusts or indusscheme will now be implemented trial, are going to be subject to
liquidation or takeover for a
dated on June 15. dated on June 15.

The long-running saga over the fate of the Drayton Japan Investment Trust all but came to a conclusion yesterday as shareholders on the new units and the balance for clusion yesterday as shareholders a continuing stake in the investment trust. Lord Stevens of Ludgate, Dray-ton chairman, criticised the atti-

short-term opportunistic profit,

OFFICE PROPERTY The Financial Times proposes Friday 24 June

For a full editorial synopsis and advertisement details, please

contact: Joe Bell on 01-248 8000 ext 3284 or write to HIM at: 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

This notice is issued in compliance with the requirements of the Council of The Shock Exchange. It does not constitute the effective or invitation to any person to subscribe for or purchase any shares in the Company Application has been made to be Court if of The Stock Exchange for the grant of permitsion to deal in the Ordinary share, and the Warrants to substitute for Codinary shares in the Company in the Unlisted Securities Market. Dealings are expected to commence today.

TRANWOOD

TRANWOOD PLC

Tranwood is a financial services organisation engaged in corporate finance. agency stockbroking and financial communications

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The document relating to the introduction is available in the Extel Statistical Service Copies of these document may be obtained during normal business hours up to and including 10th lune 1968 from the Company Announcements Office, 46-50 Finsbury Square, London EC2A IDD and during normal office hours on any weekday (Saturdays and public holidays excepted) up to and including 15th July 1988 from

> Tranwood PLC. 123 Sloane Street London SW1X 9BW

Phillips & Drew Securities Limited 120 Moorgate London EC2M aXP

8th June, 1958

We're one of the largest marketing services organisations in the world. And no one even knows our name.

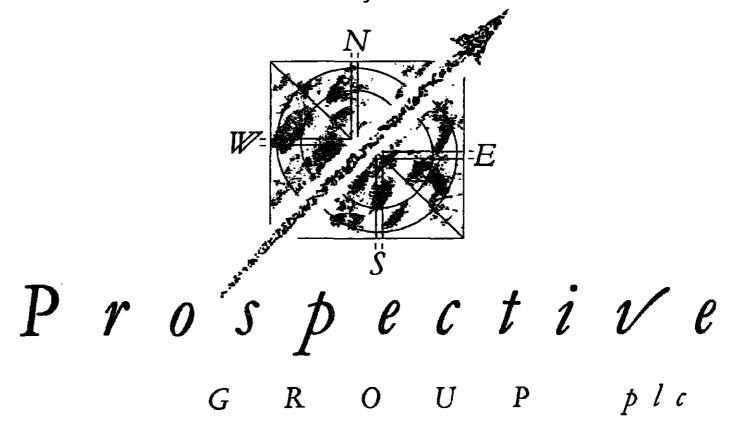
> As Pineapple Group PLC we were known in most circles for dance, exercise and fashion. But that was only one part of a changing and very much larger story

Since 1985, the Group has been expanding fast. Into Graphics & Design, Incentives & Motivations, Sales Promotion & Direct Marketing and Specialist Communications.

Today, with our UK and US interests, we're one of the largest below-the-line Marketing Services organisations in the world. Which may come as a surprise, and not a little concern, to our competitors.

To reflect that change in direction and our confidence in the future, we're calling ourselves something different.

From Monday 6th June 1988 we'll become known as Prospective Group plc. Look out for us.





SHERATON SECURITIES INTERNATIONAL

£50,000,000 **Revolving Credit Facilities**

comprising a £35.000,000 secured facility and a £15,000,000 unsecured facility

Lead Managed by

Lloyds Bank Plc

PK English Trust Company Limited

Managed by

Midland Bank plc **Barclays Bank PLC** National Westminster Bank PLC The Royal Bank of Scotland plc Standard Chartered Bank

Provided by

Lloyds Bank Plc Barclays Bank PLC National Westminster Bank PLC Standard Chartered Bank Credit Commercial de France London Branch

Paying Agent



Capital Markets Group

PK English Trust Company Limited Midland Bank plc The Royal Bank of Scotland plc The British Linen Bank Limited Italian International Bank Plc (Monte dei Paschi di Siena Banking Group)

Facility Agent





SHERATON SECURITIES INTERNATIONAL

- Profits increase 142%.
- Dividends increase 100%.
- Strong level of development activity and demand continues.

FINANCIAL		
Year to 31st March	1988 £'000	1987 £'000
Property sales and	2000	2000
related activities	31,403	19,719
Profit before taxation	11,266	4,650
Earnings per share	6.8p	3.5p
Dividends per share	2.25p	1.125p

For copies of the Chairman's Statement and the Report and Accounts write to the Financial Director SHERATON SECURITIES INTERNATIONAL PLC. LECONFIELD HOUSE, CURZON STREET, LONDON WIY 7FB.

BANCO DE BILBAO

SHARE CAPITAL INCREASE

The Board of Directors of BANCO DE BILBAO, S.A., meeting on 30 May 1988, has resolved to effect an increase in the Bank's share capital from 28,000 million to 39,200 million pesetas, by means of an increase in the nominal value of the 56 million ordinary shares in issue which accordingly rises from 500 to 700 pesetas

This increase, which is charged in its entirety to reserves, takes effect as from 1 June 1988. Holders of IDR's must lodge them at Hill Samuel & Co., 45 Beech Street, London EC2P 2LX and Morganbank, 35 Avenue Des Arts, B1040 Brussels for over-stamping.

NORTH RHINE WESTPHALIA

The Financial Times proposes to publish this survey on: JUNE 29th 1988

For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES

UK COMPANY NEWS

Perrys to pull out of estate agencies

Perry Group, the Ford main dealer, is selling its estate agency business, which has failed to achieve the results

Announcing this at the annual meeting, Mr Richard Allan, the group's chairman and chief executive, said when the group entered estate agency in 1985 that business

was fragmented.

Now insurance companies, financial institutions and large building societies dominated the market place and could seriously affect the profit-mak-ing opportunities of a business like Perrys, with only 12 out-

Perrys had accepted an offer which would enable it to recoup the considerable capital investment and re-direct the financial resources towards its core business of motor dealer-

Details of the transaction would be given when it was concluded.

As to the rest of the group, Mr Allan said all was going well in 1988 and profits for the opening four months were sub-stantially ahead of the previ-

Leslie Wise £6.4m purchase

Leslie Wise Group is to pay £6.44m for Jeamland Holdings to complement its activities in women's fashions. Jeamland is a London-based manufacturer of blouses and separates.

The consideration of £6.44m is to be satisfied by a mixture of cash and shares. Further consideration of up to £877,500 is payable dependant on the financial results of Jeamland. In the year to September 30 1987, Jeamland made £0.9m before tax, on turnover of £9.4m. Net assets at that date were about £1.3m.

French buy for T&N

T&N. motor component, industrial and engineering group, is set to expand its fluid cou-plings activities via the acquisition of French-based Sime Industrie from Valeo for FFr

40m (£3.8m). Sime, a manufacturer of fluid couplings and industrial safety brakes, made an operating protit of FFT 5 over of FFr 100m in the year to end-December.

Mr Colin Hope, managing director, said: "The acquisition of Sime will considerably strengthen the group's posi-tion in this specialist market and will provide us with a European manufacturing base for fluid couplings."

Piccadilly Radio

Piccadilly Radio, Manchester-based independent radio sta-tion, increased its profits from £253,139 to £537,300 pre-tax for the half year ended March 31 on the back of a 75 per cent improvement in turnover to

The figures were struck after deducting IBA rentals of £239,190 (£196,103) and a £56,000 share of losses of the associate and adding in investment income of £46.700 (£32,937). Earnings rose to 3.05p (1.52p) and the interim dividend goes up to 1p (0.875p). The USM company began the second six months trading strongly.

BOARD MEETINGS

owing companies have notified seelings to the Stock Exchange, and usually held for the puring dividends. Official indicate able as to whother the dividen or limits and the auto-divisions. I based mainly on less year?



Illingworth nears £10m and expansion in mind

Illingworth Morris, the Yorkshire-based wool textile group. yesterday announced a 26 per cent increase in 1997-83 pre-tax profits to £9.7m on turnover which rose by 4 per cent to

which rose by 4 per cent to 1912m.
Mr Alan Lewis, chairman, described the growth in profits as a reflection of the group's continued investment in its businesses. He said that Illingworth was now "talking to several companies" that requisitions in specialist about acquisitions in specialist and branded areas of textiles.

When Mr Lewis took control five years ago, Illingworth had burched into losses caused by bitter boardroom battles and the severe slump in the Yorkshire

Alan Lewis – talking to several companies

making lanolin-based products,

provides a fifth of its profits.

All the Illingworth companies except for the joint top-making venture with Asahi of Japan and the Crombie woollen cloth busi-



there should be further improve-ments in productivity from its proposed f4m capital expenditure programme this year.

🖨 comment

Hilngworth Morris is at a watershed in its development. The long haul of rurning the ragbag of wool textile companies, that Mr Lewis bought for a song in 1983, into a resilient textile group is over. The combination of improving productivity: export exposure to the rising Yen rather than the dwindling dollar; and dominant positions in its niche dominant positions in its nicha businesses has helped to achieve ter boardroom battles and the severe slump in the Yorkshire wool industry.

After a painful period of restructuring it has been restored to profit.

Illingworth is now the single largest company in the Yorkshire wool textile industry with interests in specialist textiles such as the production of tennis ball covers and snooker table cloth. A specialist chemicals company, making lanolin-based products, making moins-based products, provides a fifth of its profits.

All the Illingworth companies made a profit during the year, except for the joint top-making venture with Asahi of Japan and the Crombie woollen cloth business.

The joint venture has since

Lim.

Earnings per share rose to chance of a sudden spurt free chance of a sudden spurt free chance of prospects for the board prospects for the poses to pay a final dividend of shares — on a prospective pie 16 of at 1699 — are scarcely scintillating. What the City wants is for plants, except Crombie, were now of excitement: whether he will do so remains to be seen.

Braithwaite recovers to £3.7m

BY VANESSA HOULDER

tive, described the year as "excel-lent". Braithwaite now had a significant presence in the industrial services field, it had created the nucleus of a specialist products division and had also sharply reduced its dependence upon general engineering, he

Turnover rose to £30.29m (£8.19m), and earnings per share were 24.8p, compared with a loss of 9p. A final dividend, the first became chief executive in Jamesince 1985, of 4.5p is recom-

Changes in share stakes C

Hay's 447,979 (7 per cent).

SHARE STAKES

nary shares. His historical inter- 300,000 shares and now holds

est, including those parties 1.19m (16.43 per cent). Electra deemed to be in concert with Investment Trust has acquired

deemed to be in concert with Investment Trust has acquired him, is 3.27m (21.73 per cent).

Bodycote International: Mr Chelsea Artisans: Appleton Hold-Joseph Dwek has sold 100,000 ings has disposed of its entire shares at 270p. His beneficial holding of 395,000 ordinary at holding now totals about 2.59m (11.07 per cent).

Seacon Holdings: Mr C. Roth, ing to 938,000 (48.85 per cent). Mr chairman, has sold 100,000 ordinary shares at 60p each to Mr I. now holds 17,158. Mr Patrick Sin-Hav, managing director, Mr nott, managing director, pur-

Hay, managing director. Mr nott, managing director.pur-Roth's interest becomes 4.06m chased 4,500. Members of the

shares (63.5 per cent) and Mr Leach and Lynn families pur-

yesterday reported pre-tax profits the Andrews heating and air-conof £3.72m for the year to March ditioning distribution business.
31. together with a return to the which increased operating profits from £3m in 1987 to £4.2m for the Mr Andrew Fitton, chief execu- ten months it was included in the

ary 1987 after acquiring a 29 per cent stake, with the backing of

Braithwaite Group, the engineering company that has been transformed into an industrial services and specialist products group, The main source of profits was unabled to be a right to the product of profits was unabled to the product of profits was unabled to the profit of the prof in a deal financed by a rights issue that increased its market capital from film to 139m. The £1.35m purchase of Calorez Heat Pumps followed in November.

ten months it was included in the group, on turnover of £24.5m.

The engineering division made about £300,000, taking into account the £100,000 loss sustained by Braithwaite Engineers This deal had increased gearing the first Plant Pl before its sale last December. The to 300 per cent, with interest sale resulted in write-downs and redundancy costs, recorded in an extraordinary charge of \$305,000. together with proceeds from discovery of the sale results of posals would reduce gearing to below 100 per cent within two

Interest costs for the year rose

from £216,000 to £415,000.

H T Hughes up to £1.4m announced last week included: in Industry has reduced its hold-Priest Marians Holdings: Mr S. ing from 6.2 per cent to below 5 Fussel, chairman and chief executive, has purchased 49,345 ordinated an additional

based waste management, quar-rying and transport hire company, raised its pre-tax profit from £909,000 to almost £1.4m for the year ended February 29 1988.

When the company came to the

USM in February via a placing, it forecast a profit of some £1.35m. Mr Bob Merrick, chairman, said he was encouraged by the prospects. A dividend of at least 2.25p had already been forecast

for the current year. Turnover in the past year rose from £8.49m to £11.77m and operating profit from £1.2m to £1.67m. Earnings were 5.7p (3.6p).

BROADWELL LAND PLC

Record results for the Broadwell Land Group, for the year ended 31st March 1988.

chased 130,000 shares at 100p.

- 122% to £17.4 million Pre-tax profits UP - 217% to £4.1 million

Current value of projects — £70 million under development at 6 June 1988

1.5 million square feet Announcement on timing of proposed USM flotation to be

Commercial and residential space under development --

Record Period Ended Ended 31.3.1988 31.3.1987 31.3.1986 £'000 £'000 £'000 17,439 Turnover 7.845 1,749 Pre-tax profit 4,145 1,309

The Broadwell Land Group was formed in March 1988 by the merger of Broadwell Land PLC, formerly CC Conversions PLC, a company launched under the Business Expansion Scheme in November 1984, and Stride Developments Ltd.

Copies of the Report and Accounts, and illustrated Corporate Review, are available from:

lain L Shearer Chairman Broadwell Land Plc The Glasshouse 49A Goldhawk Road London W12 8QP Tel: (01) 743 9414

The financial information concerning Broadwell Land Pic does not amount to full group accounts within the meaning of section 254 of the Companies Act. The accounts, on which the auditors of Broadwell Land Pic have given unqualified reports, have been or will be filed with the Registrar of Companies. This advertisement is published by Phillips and Drew Securities Ltd on behelt of Broadwell Land Pic.



to £13.39m

at year-end

Sketchley, the dry cleaning,

workwear rental, office ser-vices and vending and catering

group, yesterday announce

pre-tax profits 25 per cent ahead to £13.39m for the year

to April 1 1988, up from

.£10.67m. Mr Malcolm Glenn, execu-

Turnover rose 38 per cent

from £131.65m to £181.19m. This included a £7.41m contri-bution from the discontinued

Canadian activities, compared with the previous year's dis-continued activities of

£29.83m, representing both the Canadian and US businesses.

tions now.

The company has four sec-

The core consumer services

business — dry cleaning — made profits of £5.07m (£4.28m) on turnover up 20.3 per cent at £50.63m. With 490 shops mainly in the south-east

and the Midlands, the plan is to add a further 40 this year. The shops are being refur-bished and specialist services — curtains, duvets, shoe repairs — beavily advertised.

A potential growth area is

tracts, such as an arrangement with Volvo for its counter-staff

to have their "career clothes"

(£976,000) on sales of £39.92m

Breakmate, the "fresh brewed coffee" drink-vending

machine business is to be

merged this month with Roboserve, the canteen drinks

and food-vending machines concern acquired last October. Office services reported prof-

its of £3.39m (£1.17m) on turn-

over up from £11.81m to £49.23m.

Equipu, acquired in Febru-

ary 1987, provides office furni-ture and equipment such as

printers.

Textile services - the sale

and rental of work clothes -

Exceptional items contrib

uted £984,000 (£214,000),

mainly from property transac-tions. An extraordinary credit of £1.18m - due to the net gain on the disposal of the

Canadian business - com-pared with a debit the previous year of £2.77m due to US

Tax took £3.40m (£3m). Earnings per share were 31p against 30.1p and a final divi-

dend of 13p was recommended, making a total for the year of

Dry cleaning is not a growth business in the UK – the French spend twice and the

Americans three times as much on it as the British do.

The average Londoner may

spend £30 a year on dry cleaning but in other not-to-be-mentioned areas the aver-

age is a mere £4 per annum. So Sketchley's aim is to boost its 20 per cent market share by

convincing customers of its

superior product - something it has not yet wholly succeeded in doing. With its workwear

business showing flatish growth as the rise of industry

automation hits dirty jobs, the

greater growth this year will probably be seen in the vending and office services

divisions - both fit in well with the company strategy of

providing a wide range of ser-

vices to businesses. Investors have been patient with bread and putter for some time but

they will soon be looking for

some jam. The shares closed 3p up last night at 393p. A fore-cast of £16.6m for this year from company broker Hoare

Govett produces a p/e of just

comment

cleaned at Sketchley.

(£17.74m).

Australian sale aids Borthwicks

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14. ALL

Borthwicks, food manufacturer year fell from £134m to £108m, revival in the flavours business, and trader, returned pre-tax prof- which included £32m of Austra- but bakery products — mainly its of £511,000 in the half-year to lian and Japanese turnover for cake decorations — experienced March 27, compared with £37,000 in the equivalent period and losses of £2.21m in the year to

The company is resuming dividend payments with an unchanged interim of 0.5p. No final dividend was recommended in 1986-87. Earnings per share rose to 0.8p, against a comparable loss of 0.2p was share loss of 0.2p per share.

A 2588,000 surplus over net asset value on the disposal of the Australian operation and its related Japanese trading business was included as an extraordinary

gain. Group turnover for the half-

the first four months, compared currency-related difficulties and with £45m in the equivalent six-problems in the commissioning month period. The businesses of a new plant, leading to a made operating profits before central expenses of £978,000,

against £1.62m.
The virtual elimination of group borrowings, following the sale, led to a reduction in net interest payable from £1.25m to

stir-fry dishes had just been launched successfully. Mr Lewis Robertson, chairman,

said the international meat and wool trading operations had a disappointing first half. The com-pany was keeping these divisions

of a new plant, leading to a decline in profits.

comment

The excitement which sur-rounded Borthwicks' sale of its Australian interests earlier in the year is gradually being replaced meat joints and steaks — were and stir-fry convenience meals — expected shortly and convenience and hints at the possibility of stake held by Whitburgh Invest-stir-fry dishes had just been launched successfully.

The house cales and minute for the year. The shares — down sions. But hope sales and minute profits from UK and international meat trading mean Borthwicks

Borthwicks Share price (pence) 100 80 60 40

for the year. The shares - down

Aspen expands via £1.5m acquisition

Aspen Communications, the USM-quoted company with interests in corporate video, media, mobile communications and specialist printing, has acquired MASS (Merchandising and Sales Services) from Quaker Oats.

Initial consideration is £1.5m in shares. Quaker may receive a further consideration of £600,000 dependent on sales revenue.

MASS is based in Southall, ex, and provides a nationwide field marketing support service to manufacturers in the fast moving consumer goods sector. ranted net assets at end-May 1988 were not less than £480,000.

PREFERENCE DIVIDENDS—

YEAR ENDING 30 JUNE 1988

72

the Republic of South Africa.

per: E. G. D. Gordon

NMC rises to £6.3m and

ments, increased 83 per cent from Kent. 527_12m to £49.67m. The

said the policy of identifying spe-cialist areas where margins were Tax paid in the latest period cialist areas where margins were higher, steering away from com-

said the property company, NMC short term the current year was Estates, had an excellent year. expected to be a good one.

Dividends have been declared payable to holders of ordinary, preference and participating preference shares registered in the books of the undermentioned companies at the close of business on 24 June 1988. The dividends have been declared in the currency of the Republic of South Africa. Payments from London will be made in United Kingdom Currency and the date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 4 July 1988, or such other date as set out in the conditions subject to which the dividends are paid. These conditions can be inspected at the registered office or office of the London Secretaries of the companies. Warrants in payment of the dividends will be posted on or about 29 July 1988. The transfer books and registers of members of the companies will be closed from 25 June to 1 July 1988, both days inclusive. All companies mentioned are incorporated in

160

25.6

This declaration represents 5 cents in respect of the fixed rate of 5 per cent per annum for the half-year ending 30 june 1988 and 215 cents, being a 50 per cent participation in the final dividend of 430 cents declared on the ordinary and 'A' ordinary shares.

13.5

ANGLOVAAL GROUP

DECLARATION OF ORDINARY AND PARTICIPATING

performed well in the year to March 31 1988 and pre-tax profits rose 50 per cent from \$4.21m to 26.32m. Turnover of the group, formerly known as N M C Investments in quality locations in

The group had changed the basis for management incentives tribution to profits rose 30 per cent to £4.56m (£3.5m). Mr Norterms of turnover to success in man Gordon, chief executive, producing increased margin and

was £2.21m (£1.48m). Earnings modity packaging, was paying per 12½p share came out at that authorised by Congress for off. Steps had been taken this 10.76p (7.47p). A final dividend of the year to September 30 1988 year to increase capacity by 1.6p is recommended, for a total principally involved the defer-

affect profits.

After the missile attack on USS

After the missile attack of USS
Stark in the Gulf, interest was
shown in Pacer's Ballast computer system, which provides
ship stability management, for
all 51 of the Stark class frigates.
And in April of this year, the US
Navy awarded Pacer a \$20m con-Navy awarded Pacer a \$20m con-tract for anti-submarine and

other naval airborne systems.

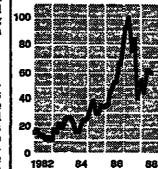
Systems services to the US ness, accounted for 82 per cent of turnover in 1987 when it lifted pre-tax profits 17 per cent from \$1.8m to \$2.1m (£1.19m). In March the order book was worth \$42m,

Randsworth Trust

Randsworth Trust has agreed to pay £13m cash for the leasehold interest of Legal & General Assurance comprising the b

Brown (N) Group's board meeting will be held on Thursday, June 9, not Friday, June 10 as reported in the FT Financial Diary on Monday.

builds packaging capacity NMC Group said all divisions Profitability had improved sub



said the international meat and profits from UK and international Ip to 59p yesterday — look fully-wool trading operations had a meat trading mean Borthwicks valued on a prospective p/e of still looks a strange beast. Recent about 24, but investors who have stake-building suggests someone stuck with Borthwicks through may be interested in dismember-the recent traumas might be ing the group and the 22 per cent advised to hang on.

Pacer warns of profits fall after contracts hitch

By Peter Pearse

Pacer Systems, US-based supplier of military software and support services and manufacturer of helicopter airspeed measuring equipment, warned yesterday that pre-tax profits for the cur-rent year would be significantly lower than the \$2.5m previousl anticipated.

Pacer said that measures ecently announced by the US Defence Department to bring actual spending into line with ment of certain contracts until, and possibly beyond, the end of this month.

Pacer, which in March won the award for the USM's best overseas company, said that the pre-cise impact of the move was not yet clear. However it expected tracts, combined with the disap-pointing performance of its Sea Data subsidiary, would adversely

armed forces, Pacer's core busicompared with about \$35m at the same time the previous year.

ment to the second floor of 9/111
Kensington High Street, London.
Randsworth has been in discussions with BhS concerning the store group's proposals to carry out a major refurbishment.

CORRECTION Brown (N) Group

Coal sales upturn helps boost All-round growth lifts Great Western 86% at midway **Sketchley**

per share for class A stock rose from 5.9 cents to 6.2 cents.

sales from from \$24m to arranged.
\$47m. This is the first interim
report fully reflecting the acquisition of the US interests of Bow up from 1.57p last year.

mr Malcolm Glenn, execu-tive chairman, said the major reconstruction of the company was virtually complete and the concentration now was on boosting profits. With the sale of its under-performing Cana-dian day election by the con-Daily coal production was now averaging 7,099 tons, with oil production at 2,895 barrels per day, and gas at 15,794m cu ft per day. A price dispute with Electric dian dry cleaning business in January, Sketchley is wholly UK-based again. It sold its US diapers and textiles interests Fuels Corporation, a coal pur-chaser, was resolved in favour of the company and is reflected in

on further gas prospects on the lack of an active stockbroker has Net income rose from \$5.2m to licences is expected to be contributed to illiquidity in the

Valley acquisition has now been reduced to \$16.5m. This debt is The biggest increase in sales soon to be retired and a \$50m came in the coal division where revolving loan facility is being

comment

one of the few oil stocks that has value, but an eventual resolution failed to recover from the depths of the October crash. This class B shares is unlikely to undoubtedly reflects the stock's cause class A holders much pain. undoubtedly reflects the stock's cause class A holders much pain, bid-proof character, since the cspecially in consideration of chairman, Mr Daniel Pena, and who hold most of them.

Great Western Resources, US-based resources group listed in chain significant working interparts. Also hanging over the company, yesterday reported an 86 per cent increase in pre-tax profits to \$7.4m (£4.1m) in the six months to end-March. Sales rose from \$37.9m to \$71.1m.

Not increase the profit of the company is an unhappy Kuwait investment Office, which owns the lion's share of class B non-working stock. And the current lack of an active stockbroker has the contributed to illigatible in the company.

\$5.3m, including a restatement of announced shortly.

1987 due to accounting changes relating to US taxes. Earnings bank in connection with the Bow reflects the asset value and earning the figure calls to the figure calls the connection with the Bow reflects the asset value and earning the figure calls to the figure calls the connection with the Bow reflects the asset value and earning the figure calls the connection with the Bow reflects the asset value and earning the figure calls the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earning the connection with the Bow reflects the asset value and earnin shares. All this may explain why ings quality of the financially conservative company that Great Western has become. A prospective p/e in the range of 9.5m. tive pie in the range of 9.5m, based on net income of \$16.5m for the year hardly does the company justice, especially with the prospect of additions to gas reserves funded easily by strong cash flow from the marketship. cash flow from the profitable coal Great Western Resources is sit on this sort of share to realise

Sheraton doubles payout as profits soar to £11m

way with a second half rise of The directors said the doubling £4.28m. The total of £11.27m for the year to March 31 1988 comstemmed from the results and the

2.25p.

The group is engaged in property investment and dealing. The results reflected strong development activity, the directors said. This was continuing into the current period with demand from tenants and investors running at

In the year under review gross rents improved to £1.69m (£1.35m), while property sales and related activities soared to £31.4m (£19.72m). Net property

Sheraton Securities Interna-tional followed up the £2.3m were £3.54m (£4.86m), interest charges advance in pre-tax profits at half-capitalised £3.34m (£1.86m).

development programme -where completions were expected in the next two to three years -was estimated to have a completed value of £350m. "We anticipate that surpluses towards £60m will flow from these projects and this should ensure continuing growth in profits."

fully diluted. the group as a whole.

Shareholders' funds at the year It would also allow acquisitions income worked through to end totalled some £45m (£24m).

COMPANY NEWS IN BRIEF

CARADON said 6.72m shares POWELL DUFFRYN has acquired EVE GROUP has acquired C.G.S.
Engineering from Mr Derrick
Greetham. The company specialises in the fabrication of steel towers for overhead transmission

The company specialises in the fabrication of steel towers for overhead transmission a leasehold property valued at a leasehold property valued at a leasehold property valued at the company specialises in the fabrication of steel towers for overhead transmission. lines and communications and

1988 were £11,299 (£8,740). Tax The existing site will be sold. 25,825 (£6,433) and loss per 25p share 1.7p (2.2p). Interim divi-Vending services contrib-

produced a turnover of £1.5m.

(£1.85m). FOSECO-MINSRP has paid £1.2m for the outstanding 5 per cent of Spanish metallurgical chemicals company, Foseco Espanola.

MARLEY: Chairman told annual meeting that current year had started well and profits would comfortably exceed those of 1987. Demand for company's products remained buoyant and volumes were up to expectations. However, continuing weakness of the dollar was expected to adversely affect the group's activities in the

photocopiers, and Mellordata provides computer peripherals such as screens and laser MOSS TRUST has contracted to purchase 98 per cent of Ash Gupta Communications Group, an Edinburgh-based advertising creative services and public rela-tions agency. Initial considershowed the smallest rise in profits, from £3.79m to £3.94m ation is £300,000 in 250,000 ordinary shares and £100,000 cash. on sales up 12 per cent to Further profit-linked consider-

ation is payable in shares.
OILFIELD INSPECTION Services is acquiring Quality Inspection Services for £300,000 cash from Foster Wheeler (Power Products).

were to be issued to finance part Ellis Tylin, a building engineerof the cost of buying Everest. ing services maintenance group, Existing shareholders applied for for \$2m cash. Ellis has a turnover of approximately £7.5m, and operates over \$00 contracts on a

> ment has sold Certibilt Investments for £3m. its only asset was a leasehold property valued at £1.75m on March 31 1987.

TURRIFF CORPORATION has

of FKI Babcock

Separate listing

for US business

FKI Babcock, the electrical and engineering company formed last summer when FKI Electricals bought the much bigger Babcock the year to March 31 1988 comstemmed from the results and the pares with £4.65m previously. The dividend is being doubled to Mr Peter Taylor, managing director, said the medium term According to Mr Tony Gardinest Mr Capp.

According to Mr Tony Gar-tland, FKI chief executive, the rationale for the move is "to get the best out of what is a separate business from the rest of our activities".

Mr Gartland argued that it would allow US managers to be rewarded with share option Earnings for 1987-88 came to schemes tied to the performance 6.8p (3.5p) basic and 6.7p (3.4p) of the US business rather than the group as a whole.

to be made in the US without recourse to the UK equity mar-ket, and focus investors' attentions on the value of the FKI Babcock group as a whole.

The precise timing of the flots-tion on the New York Stock Exchange has not yet been decided. The proportion of the equity to be offered is likely to be small, at around the 10 per cent

Stockbrokers predict that pre-interest profits for the US businesses will amount to around \$80m on turnover of some \$700-\$725m in the year to April 1989. G. & G. KYNOCH (woollen cloth manufacturer): Pre-tax profits main road site at Althrincham to ler furniture hardwear company, an automotive moulding company and a control conjugate to the conjugate to the control conjugate to the control conjugate to the conjugate to the control conjugate to the conjugate to pany, and a control equipment

company.

FKI shareholders will be told of a west Midlands company sent to them shortly about the engaged in precision trench dig-ging. Consideration is £500,000 ian factory automation and food-with further amounts based on profits. Vendors have warranted profits. Vendors have warranted profits of at least £100,000 for 1000.

profits. Vendors have warranted FKI's shares reprofit of at least £100,000 for 1988. to close at 127p.

Public Works Loan Board rates

	Quota lo:	ans repaid	Kon-quot	a foass A" re	paid	
Years	by EJPt	Att	at materity.	by EIPt	ÁIT	at maturita
1			9			91/4
Over 1 up to 2	9	9%	9%	10	10%	9%
Over 2 up to 3	9%	9%	9%	101/4	10%	10
Over 3 up to 4	9%	91/4	9%	10%	10%	10%
Over 4 ap to 5	9%	9%	9%	10%	101/4	10 %
Over 5 up to 6	91/4	91/4	91/2	9%	9%	10
Over 6 up to 7	9%	9%	91/2	9%	9%	10
Over 7 up to 8	9%	9%	9%	9%	9%	10%
Over 8 up to 9	9%	9%	9%	9%	9%	10 %
Over 9 up to 10	9%	9%	9%	9%	10	10%
Over 10 up to 15	9%	9%	91/2	10%	10%	10
Over 15 up to 25	9%	9%	91/2	10%	10	10
Over 25	91/2	9%	9%	10	9%	9%
*Non-quota loans B						
loans A. †Equal instalmen	nts of pri	ncipal. 🕇	Repaymo	nt by hal	f-yearly	annui

GRANADA GROUP PLC

Issue of up to 53,667,524 7.5p (net) New Convertible Preference Shares of 10p each

in connection with the acquisition of **DPCE Holdings plc**

Authorised 5,400,000

7.5p (net) New Convertible Preference Shares of 10p each

Issued and fully paid Up to 5,366,752

The Council of The Stock Exchange has admitted up to 53,667,524 7.5p (net) New Convertible Preference Shares of 10p each to the Official List. Listing Particulars relating to the shares have been circulated in the Extel Statistical
Service and copies of the Listing Particulars may be obtained during usual business hours up to and including 9th June, 1988 from the Company Announcements Office of The Stock Exchange and up to and including 21st June.

Granada Groop PLC 36 Golden Square London W1R 4AH

S. G. Warburg & Co. Ltd. 33 King William Stree London EC4R 9AS

Bourne House 34 Beckenham Road Beckenham

Ravensbourne Registration Services Limited

Hoare Govett Corporate Finance Limited S. G. Warburg Securities

7th June, 1988

Hazlewood Foods PLC

through its wholly owned subsidiary,

for Hazlewood Foods PLC.

COUNTY NATWEST

133000

32642

30556

41 828

30 696

33 263

302.5

160

235

295 Regent Street

28478

15 579

33 332

15579

30 598

red Office

Anglovaal House 56 Main Street

Weseke Holdings GmbH, has acquired Feldhues GmbH, Metelen, West Germany.

The undersigned initiated and advised on this transaction

& The NatWest Investment Bank Group

Coffee prices leap on fear of frost damage in Brazil

FEARS THAT a weekend frost zil's prime growing regions sowed panic throughout the coffee market yesterday morning and drove London prices to the highest levels since early March. Later, however, it was established that no serious damage had been done and prices eased.

Early reports claiming that in Parana, an important coffee-growing region, 30-40 per cent of coffee bushes had been damaged, pushed the September position on the London futures market to £1.195 a tonne. But later in the day, when the reports were found to be greatly exaggerated, it set-tled back to close \$29 up on balance at £1,163.50 a tonne.

explained: "We had low temperaduction these days: only 6m bags
tures during the last few nights (60 kg each) or so out of the 30mand we did have some frost-bite 40m bags forecast for the 1989
on some leaves in low lying areas crop, which is vulnerable to frost
in Parana: but talk of of huge over the next few months.

Herees in that the last leaves are into the area of the second of the s losses is just that - talk.

"Now the weather is beginning growing areas of Sao Paulo state to warm up and could hold until ground be an entirely different the next cold front arrives, probably by Thursday or Friday," Mr Timm added.

Would be an entirely different matter," he added.

The Brazilian coffee industry is



ance at £1,163.50 a tonne.

Mr Jochen Timm, a partner in accounted for a relatively small Brazil's Stockler export house, proportion of Brazilian coffee pro-

If frost got into the main coffee growing areas of Sao Paulo state

In London, Mr Rob de Jong of of a colder winter than usual this the E.D. & F. Man trading house year. Dr Fabio di Giorgi, a pro-

Why Japan plans cuts in copper production

By Kenneth Gooding, Mining

SHORTAGES OF copper concentrate (material supplied by the mines which is 25 to 40 per cent copper) are responsible for the substantial cuts in out-put planned by Japanese smelters, suggests the Metals and Mineral Research Services

It points out that the Japa-nese Ministry of International Trade and Industry has fore-cast a 7.5 per cent fall to 905,000 tonnes in refined copper production in Japan for the 1988-89 fiscal year.

MITI says the cuts are needed to avoid "possible over-supply" because of large-scale imports of refined metal In the latest edition of Base Metal Concentrates, MMRS suggests: "this reasoning is not entirely credible: large-scale imports of refined copper were needed last year and are certainly required now, pre-cisely because Japanese smelters cut back output in the first

Japan imported 347,665 tonnes of refined copper in the 1987 calendar year and at the moment imports are running at a rateequal to an annual 470,000 tonnes. Japanese con-sumption of refined copper rose by 5.3 per cent last year and current demand growth is

above 4 per cent.
"At presently high copper prices – and in the light of good local consumption levels – it is surprising that Japanese smelters responded by cutting output," states MMRS.
It suggests that the Japanese companies would prefer to run their smelters at below capacity rather than create further demand for concentrate and risk pushing up the price of their raw material.

Among the cuts announced for the first half of 1988-89 noted by MMRS are one of 2,900 tonnes a month by Nip-2,900 tonnes a month by Mig-pon Mining to 20,140 tonnes and one of 6.3 per cent to 17,900 tonnes a month by Mit-subishi Metal. Sumitomo Metal plans to produce 70,500 tonnes in the six months, a cut of 4,000 tonnes

Base Metal Concentrates, Published by Metals and Min-eral Research Services group, 222 the Strand, London WC2R 1BA.£600.00 a year.

Change during week of tunnes		a F	riday)
Aluminus standard	+4,575	Б	40,525
Aluminium high grade	+450	b	20,800
- Copper Grade A	+8,275	10	69.9501
Lead	+ 12.250	ъ	41,300
Nickei	+600	ь	2.946
Zinc		to	37.425
Tin		100	16,915

Tilting at EC cereal windmills A FEW YEARS AGO, the prospect of deliberately producing less food from a farm than its known capability would have been unthinkable. Now, given the right incentive, many farmers FARMER'S

might welcome the idea.

Most farmers, myself included, concentrated in the past almost entirely on maximising production. We were reared and trained through the era of the ration book; encouraged by politicians ent on import substitution; and were paid - in part at least -according to a system of pre-set guaranteed prices which had lit-tle to do with supply and

When the guarantee system rewarded quality as well, farmers responded, providing the exercise stood a fair chance of showing a profit. But if, as in many cases, there was no such incentive, the commercial priority was yield

Before Britain joined the European Community, UK food production covered not much more than half domestic demand, thereby ensuring a market for all the industry could produce. After British accession and the development of surpluses in some commodities, the intervention store was always there for that proportion of production not immediately required by the market, while guaranteed prices continued to insulate large sectors of agriculture from the reality of

the market place. It was not that farmers were unaware of the growing cost and unacceptability of food surpluses: they were. But while prices failed to reflect the growing problem, and in the absence of government guidance, many saw little point in changing their policies. Then, milk quotas were imposed on April 1, 1984

It was a fundamental change of direction and was greeted with a mixture of anger and fear by farmers, many of whom had cereals - the commodity cur-never seriously contemplated rently in the most embarrassing

By David Richardson

I might be a little more enthusiastic if the minuter decided to opt for grazing on ser-aside had, but, in view of the policing problems and the possible knock on spite of further cuts and many problems of implementation caused by milk quotas, most

In return for accepting a cut in settled on voluntary set-asides production, milk producers receive a guaranteed price that is

David Richardson, who farms 950 acres in Norfolk, begins a new fortnightly series of articles

slightly higher than it was before the quotas. Furthermore, dairy farmers can for the first time calculate not just how to produce the most milk but how to produce a specific quantity most economically

According to a number of agencies which record profitability, milk is one of the very few commodities to be enjoying modestly improved production margins over the last few years.

Against this background, Mr John MacGregor, the Minister of Agriculture, is this week negotiating final details of the latest measure to control production of cereals - the commodity cur-

caused by milk quotas, most dairy farmers have come to regard them as essential to their per cent over the last three years.

Since the scheme that odd small if I could allocate the odd small unproductive field to set side.

But another of the requireregard them as essential to their per cent over the last three years, future prosperity and can indeed hardly bear to contemplate losing pered.

means taking a proportion of land out of farming for a period to cut the production of unwanted crops. Within the next few days, Mr MacGregor is expected to unveil the level of compentation to be prid to farmers who

The regulation, which all EC member states are required to implement by July 14, allows individual ministers a great deal of flexibility. For instance, compensation can be anything from pensation can be anything from the from the first older to the first older to the first older.

widely discussed is around £200 It is far more likely, in my view, per hectare, and it is expected that set-aside will only have a that the minister will plump for cosmetic impact and that within that Whether that level of com- two or three years we shall see 2 pensation will persuade many system of statutory quotas for EC farmers to join the scheme, given cereals. As a positive and swift that they will be expected to means of reducing production plant a green cover crop and instead of continued cereal sup-

I would certainly be reluctant to do so as it would fail far short of meeting my general farm over-heads and, given the conditions, there would be little scope for cost economies in labour and

machinery.

I might be a little more embu-

while dairy farmers have pros- ments laid down by the EC is pered.

The European Community has settled on voluntary set-asides—an idea and a name from the US big a gamble, given the possibility of improving margins within means taking a proportion of that at least 20 per-cent of a farm's total acreage must be committed to the scheme for five years and in my view that is too big a gamble, given the possibility of improving margins within

sation to be paid to farmers who join the scheme and whether or not he will take up the option to permit farmers to graze their setastide land, which is allowed under EC regulations.

arable iand and that he will seek to attract only those cereal growing the scheme and whether or makes them marginal producers. The fact that a limited response will have a minimal effect on overall national production may well suit him. To reduce UK pro-

desired, be varied according to the quality of the land.

asides looks, on the face of it, just as fundamental a change as he quality of the land. imposition of milk quotas. I imposition of milk quotas. I doubt if it will turn out that way. maintain hedges and ditches, is port price cuts, that would suit

Malaysian tin values recover

PRICES OF physical tin in Malhang, currently estimated at ringgit a kilogram, aysia have breached the psycho-40,000 tonnes, is being whittled. They point out, however, that aysia have breached the psycho-logically important level of 18 ringgit a kilogram and are now at their highest levels since the collapse in the world's tin markets late in 1985. On the Kuala Lumpur Tin Mar-

ket, the price rose nine cents to 18.04 ringgit a kilogram last Friday, and yesterday added another eight cents to 18.12 ringgit. While the price rise has not been as pronounced in tin as in other commodities. Malaysian producers say the trend is very positive and is in line with funda-

As a result of the rationalisa-

in 1985, the overhang was about 100 tonnes.

The market is also being cost is only about 15 ringgit a buoyed up by reports that US consumers are facing a shortage of tin for immediate delivery as a result of reduced Chinese exports. China, which was effect, the size of its tin mediate believed to have exported 18 2000 contract has been increased from believed to have exported 18,000 contract has been increased from tonnes last year mainly to the one to five tonnes. This will US, agreed to trim its sales to reduce the cost of trading and

down at a rate of between 1,500 Malaysian miners, who are hightonnes and 2,000 tonnes a month. cost producers because of their When the market collapsed late low grade ores, are "quite comin 1985, the overhang was about fortable" with the current price,

ducer in the interior of Sao Paulo, said: "all the forecasts point to a rigorous winter and the market is getting nervous." Mr Jaime Miranda, another cof-

fee farmer, said: "we are very

concerned because this cold

weather is coming earlier than usual: its not even winter yet, but we're already being warned of another cold front due by the end of the week."

Farmers are still haunted by

memories of the 1975 frost, which devastated production in Parana

at that time Brazil's richest cof fee growing state. Since then, producers have moved farms northwards to warmer regions.

The Brazilian Coffee Institute

is forecasting a harvest of 20.4m bags (60 kg each) this year, although many farmers insist

that it will be no more than 18m

from frost, but some farmers are warning that if the weather gets

worse it could damage the forma-

tion of buds for the 1989 crop.

More immediately, commented

Mr de Jong, the appearance of a

Brazilian frost so early in the sea-son might bring a profound change in market sentiment,

which for so long had been weighed down by a welter of

bags. That harvest is already safe

10,000 tonnes this year, following facilitate arbitrage if and when complaints by the ATPC.

Malaysian officials hope the finally resumes the trading.

tion programme of the seven-nation Association of Tin Producing Countries, consumption is now greater than supply and the over-

UK supports Opec's \$18 a barrel target

tion of Petroleum Exporting outside Opec, it was effectively appear to represent a shift in the Countries' efforts to stabilise oil aiding the group's efforts to Government's previously rather prices at around \$18 a barrel, restore an oil price of around \$18. hostile attitude towards the Oper

MR CECIL PARKINSON, the ident Suharto, on a four-day visit production from its major North Energy Secretary, said yesterday to the country, Mr Parkinson Sea cilfields declined. This was because the UK's own cartel. However, the minister

Close

Previous High/Low

936 929 956 949 983 977

After meeting Indonesia's Pres- output was gradually falling as held out no offer of positive help. Silver (02). + 102,000 to 16,904,000

LONDON METAL EXCHANGE

Heat ruins Israeli avocado crop

BY ANDREW WHITLEY IN JERUSALEM

THE WORST May heatwave in flowered. As appeals for governnearly half a century has ment assistance pour in from the destroyed much of Israel's impor-country's farmers. Mr Arieh tant avocado crop, together with Nehamkin, the Minister of Agriother high value fruits, such as culture, yesterday asked the persimmons and mangos. In con- Knesset, Israel's parliament, to sequence, supplies of avocados to expedite passage of an amendwestern Europe are expected to ment to legislation on disaster be severely affected this autumn compensation. This would extend and winter, pushing up retail state aid to include natural disasprices and elbowing Israel out of a market in which it has come to dominate over recent years.

preliminary estimates from the Israel Ministry of Agriculture indicate that lost sales will exceed \$130m\$ (\$72m\$) as a result testing boardAgreeco believes to the mithering Horsing condition. tions which struck Israel last 15,000 tonnes. "There is nothing month. The hot, sand-laden des-ert winds struck the avocado We can only wait for the 1988-89 crop at its most crucial stage of season," said Mr Haim Keller, of growth, immediately after it had Agrexco.

Racking up export sales of

According to the Ministry of Agriculture, the forthcoming sea-son had been expected to be a good year all round for fruit and vegetables until the Hamsin (known in Hebrew as Sharav) set in. "There hasn't been a Sharav like this since May 1941," said Mr Naftali Yariv, an Agriculture Ministry official, who tried to add up the potential losses already reported. Expected sales of temperate fruit, such as apples, alone are likely to be pruned back by

Nor did Israel's biggest fruit industry of all - citrus growing - escape unscathed. Forecast exports of 1.5m tonnes are expected to be down by 30 per cent.

Farm pollution increases

By Richard Mooney FARMERS IN England and Wales caused a record 3,890 incidents of river pollution last year, a report by the Water Authorities Associ-ation shows. That was a 13 per cent increase from 1995.

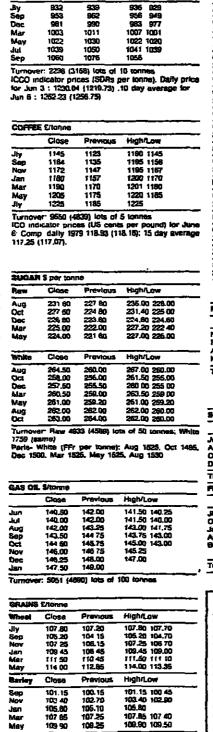
In the majority of cases pollu-tion was caused by cattle farm-ing, but silage effluent and slurry also gave cause for concern. The report noted that undiluted farm slurry was, in terms of oxygen demand, up to 100 times more polluting than untreated sewage.

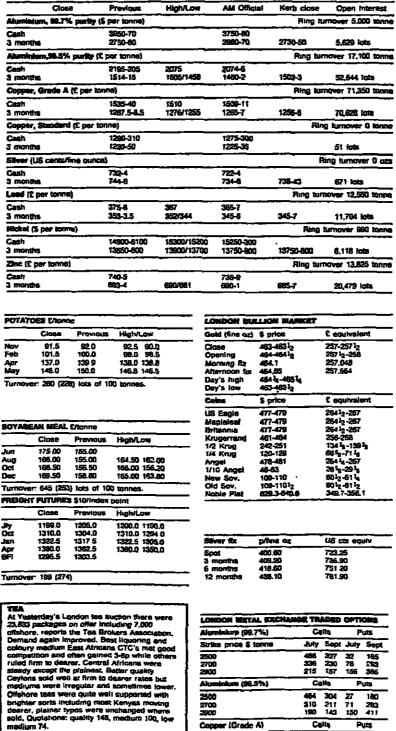
"The whole industry must take even more seriously the effect of pollution on the environment," of State for Agriculture, in his foreword to the report . . . "1988 must be the year when the farming industry gets really tough with pollution.

LONDON MARKETS

News of a sharp rise in London Metal Exchange lead stocks last week prompt a sharp fall in the price of the metal yesterday. Depite steadying in the afternoon the cash price ended £13.50 down at £364 a tonne, virtually eliminating the raily of Thursday and Friday, Freer availability of nearby supplies following the appointment of a 12,250 toppes stocks rise to 41,300 tonnes was also reflected in a narrowing of the cash premium over three months lead from £23.25 to £17.50 a tonne. An LME stocks rise was also largely responsible for a tall in aluminium prices. But traders remained nervous about the availability of supplies and the market steadied towards the close. Zinc prices were trimmed back modestly following last week's big gains but copper continued on its upward course. London sugar prices follow New York market to 4-month highs in the morning but were trimmed in the

			SUGAL	1 \$ per ton	ne	
SPOT HARKETS			Paw	Close	Previous	High/Low
Crude oil (per barrel FOB)		+ 07 -	Aug	231 60	227 80	235.00 228
ibei	S14,40-4 45u	-0 12	Oct	227 5 0	224 80	231.40 225
ent Blend	518,25-6,35	-0.15	Dec	226, 80	223.60	224,60 224
T.I.(1 pm est)	\$17 38-7.41u	-Q. 19	Mar	225.00	222.00 221 60	227.20 222
products (NWE prompt d	elivery per to	ine CIF)	May	224.00	221 00	227.00 226
		+ 01 -	Walte	Close	Previous	High/Low
mium Gasoline	\$196-168	-1	Aug	264.50	260.00	267.00 260
(Soviet)	\$139-141	3	Oct	258,00	256.00	261.50 255
vy Fuel Otl	\$75-76 \$164-168	-	Dec	257,50	255.50	260 00 255
htha	3104-100	-2	Mar	260.50	259.00	263.50 259
oleum Argus Extimates			May	261.00	259.20	261.00 259.
or		+ or -	Aug	262.00	262.00	262.00 260
	\$463.25	-1.50	Oct	263.00	284.00	262.00 260
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r (per troy oz) 🏚	5812.5	+40			4300) IO	ts of 50 toren
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lew York)	332.5c	+ 2.5	Jun	140,50	142.00	141.50 140.2
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ttilglew basis	235 48o		Oct	144 50	145.75	145.00 143.0
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			Dec	146.25	148.00	147.00
ndon daily sugar (raw)	5258 By	+ 4.B	Jan	147.50	149.00	
don daily sugar (white)	\$265.0y	+30				
and Lyle export price	£107.5	+3.0	Turnove	r: 5051 (46	190) lots of 1	UU COARGE
ly (English food) e (US No. 3 yellow)	£137.5	7 1,0	-			
at (US Dark Northern)	£106.25y		GRAINS			111-1-1
ber (spot)♥	85 00p 90.00o	+ 1.00 + 1.00	Wheel	Close	Previous	High/Low
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Sper (Mr. 1933 IAS 1 3GIA)			Nov	107 25	106.15	107.25 106
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fm Oxi (Meleysian)§	\$466.25	→ 18.75	Mar	111 50	f 10 45 f 12.85	114.00 113.
pra (Philippines)§	\$380		May	114 00	112.00	1744,000 1134
ysbeens (US)	€207	+ 12	Barley	Close	Previous	High/Low
tton "A" index	86.75c	+0.25	<u>-</u>			
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## Sept					grow Jack	of seriou	a. ou engl 8 selline	The mer	its week	l seb	1730	1/77	1142	1/43	Mar	28.20	27.20	28.20	28.2
Company Comp	2/344	345-6	345-7	11,764 lots															28.4
Sizing S			Re	ng turnover 990 tonne	WEET	her prod	uced fear	s of redu	ced	COFFE	E "C" 37,5	OSIDer cents	i/ibs	 -					28.5 28
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Control Section Sect	20/02#4		ggt +	30 675 1-4-	661	100									Aug.	270.4	260.4	270.4	272 270
Composition		984-1	8034	Shera idea	GOLD					_ May	139.95	138.63	140.00		Sep			259.7	269
April Apri					_									8	Dec				269. 268.
Constraint Con		CONTROL DE	LION MARKS										•	•				267.7	267
Cooper C					Aug	468.1	469.3	470.3									254.7 254.0		264. 264.
Copering R										SUGA	WORLD -	11" 112,000	lbs; Cents	/iba			253.0	263 0	263.
Afterword for 464-ASS 227.664 Aug 465.1 486.1 486.2 486.0 0 0 Jun 110.10 9.25 0 0 Jun 110.10 9.2			464-464 j ³		Feb	484.1	485.1	485.1			Close	Previous	High/Lo	THE THE	·		. •		263
Day's high del-4-delta Day's high Day's high del-4-delta Day's high delta									0						_ =				
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Celles 8 price C squirelant US Engle 477-479 2819-2877 Mapleleal 477-479 2819-2877 Mappleleal 4819-2877 Mappleleal 4					PLAT	NUM 50 tro	y oz: S/troy	OZ.	_	Mar	10,04	9.98							244
Maple 477-479 26-by-267 Jul 612.0 603.1 613.5 6		Ceins	\$ price	£ equivalent	_	Close	Previous	Hight	DW .	- May					Dec	268/2	256/2		253/ 268/
Magnieland 477-479 2941-987 Jul 614-5 610.6 621-5 611.9					Jun	6120	806.1												274
Krugerrand 461-494 259-528 124 1-193 24 25-128 124 125-128 124 125-128 124 125-128 125-1								621.5	611.9						Jul				279/ 279/
1/2 Krug 25-C35 134 - 138 136 - 138 134 - 138 136 -	_	Krugerrand	461-464	256-258														271/0	271/
Viro Angel 48-83 28 in					Apr	634.4	631.1	656.0		COTTO	N 50,000; o	ents/lbs							259/
17th Addy 18-25		Angel	478-481	254 4-267	_				_•	_	Close	Previous	High/Lo	-					
Oid Stry. 103-11012 8012-812 Close Previous HighLow Oct 84.65 82.85 64.86 64.40 53.25 53.40 53.27					SILVE			<u></u>		- 101	69.34	66.38			- -				
Align 1/2 1/	~	Old Sav.		50 12 -81 12	-									64,40	Sep		363/6 372/6	382/6 382/6	376A 3954
Aug 736.4 731.9 0 0 0 May 63.98 61.98 63.18 63.98 63.18 May 736.7 0 377.	_	Popie Piat	237-2-019	348.1-350.1						Mer	63.89						383/4	403/4	300/
Sever fix primal or U.6 cts equity Mar 773.0 752.8 793.0 784.0 Oct 82.08 60.08 0 0					Aug	735.4	731.9	C	0		63,98	61.98	63.98	63.13	May	397/0			405R 397#
Server fix prises or U.S cris equiv May 785.6 785.5 785.0												60.08		63.60 0		382/0	342/0	362/0	344/
Service Column			offee or	IS on ancho	Jan	762.0	757 6	765 0	765.0			. –	-	_	LIVE C	ATTLE 40.0	00 lbs, cent	a/lbs	
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12 morths 485.10 781.50 COPPER 25,000 ibs; cents/fbs. Close Previous High/Low Sop 177.00 177.00 177.00 177.00 188.45 177.05 185.75 186.80 189.90		3 months	409.20	736.90	آليال	795.8	791.4	906.0	798.0	ORANG	E JUICE 15	5,000 lbs; ce	ents/lba						79.70
Close Previous High/Low Supplementary High/Low									614.0		Close	Previous	High/Lo	*	Oct	68 12			67.71 67.1
LOSSION SETTAL EXCHANGE TRADED OFTIONS 107.00 107.00 107.00 107.00 107.00 108.00 158.40 159.90 158.40 159.90 154.25 71.85 77.35 71.85 77.35 71.85 77.35 71.85 77.35 71.85 77.35 71.85 77.35 71.85 77.35 71.85 77.35																	68 55	70.05	66,6
London Matal Exchange Trades Options Jul 102.00 103.70 103.90 100.00 Jan 155.20 153.60 155.90 154.00 Jul 154.00	_				,h==									168 00	Apr	71 BS			49.4 70.3
LONGOR METAL EXCHANGE TRADED OFTICINS Sup 57.70 99.60 0 0 Mar 154.75 135.05 135.00 135.40 135.00 154.25 Aluminium (89.7%) Cells Puts Dec 88.70 90.25 89.75 88.30 Jul 154.00 152.40 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0					Jul	102.00	103.70			750	155.20	153.50	155.90	154.0Q			70.35	71.85	70.8
Aluminium (86.5%) Cells Puts Dec 88.70 90.25 80.75 80.30 Sep 154.00 152.40 0 0 Jun 52.95 62.45 50.25 80.25	'	LONDON MET	T EXCHANGE.	RADED OFTIONS				O	0					154.25 0	FIAE H		io, conts/ib	15	
Strike price \$ terries	- 1	Alumbiano (99.			Dec	86.70	90.25		86.30	Jul	154.00	152.40	ō				Provious	High/Lo	W
2500 488 227 22 165 May 78.70 82.00 79.05 79.05 2900 215 157 156 386 Sep 76.40 79.80 77.45 77.45 77.45 2900 215 157 156 386 Sep 76.40 79.80 77.45 77.45 2500 484 304 27 180 CRUDE OE. (Light) 42.000 US galls S/barrel 2500 484 304 27 180 Lalest Previous High/Low 2500 190 143 150 411 Aug 17.45 17.50 17.46 17.32 2500 190 143 150 411 Aug 17.45 17.50 17.46 17.52 2500 480 17.45 17.50 17.46 17.52 17.80 17.75 17.75 17.50 2500 2500 252 183 31 153 Dec 17.82 17.86 17.89 17.55 17.85	1	Strike price \$ 1			Mar			u 82.50								52 95 53 Az			52 6
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Aluministri (96.5%) Celis Purs CRUDE Oil. (Light) 42,000 US galls S/barrel 2500 464 304 27 180 2700 310 211 71 280 2900 190 143 150 411 Copper (Grade A) Culls Pus Sep 17.50 17.66 17.73 17.50 2006 420 286 10 68 Oct 17.52 17.80 17.78 17.52 2006 232 183 31 183 Jen 17.55 17.79 17.78 17.52 2006 187 121 75 237 Mar 17.58 17.68 17.68 17.68 17.68 ENDICES REUTERS (Baso: September 18 1931 = 100) June 3 June 2 Innth ago yr ago 187 122.1 1511 5 Close Previous Hight/Low DOW JONES (Baso: December 31 1874 = 100) Jule 3 June 2 Innth ago yr ago 187 121 151 15 Close Previous Hight/Low DOW JONES (Baso: December 31 1874 = 100) Jule 3 June 2 Innth ago yr ago 187 121 151 15 Close Previous Hight/Low DOW JONES (Baso: December 31 1874 = 100) Jule 3 June 2 Innth ago yr ago 187 121 151 15 Close Previous Hight/Low Jule 3 June 2 Innth ago yr ago 187 121 151 15 Close Previous Hight/Low 188 17.68 17.78 17.58 1	1												_		Øec			46.75	45.50 46.50
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May 50,20 (8.0) (9.																	63 B3	85.63	63.90
						490	11111	11.00	11.20						May	64.50	63.20 63.20		63.56 63.35

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Pound steady despite rate rise

TRADING HAD a rather technical feel on the foreign exchanges At the weekend Mr Karl Otto Poell, President of the West Gerysterday, with the dollar and sterling showing mixed changes.

At the weekend Mr Karl Otto DM1.7270, It also declined to poell, President of the West Gerysterling showing mixed changes. cal feel on the foreign exchanges yesterday, with the dollar and sterling showing mixed changes.

The Bank of England nudged clearing bank base rates up another % p.c. yesterday, but D.Mark.

nust have been satisfied by the Over rece
the pound's steady performance, bas tended and the lack of any renewed

demand for the currency. The most obvious movement tations of continued strong Japa-nese growth this year, and a rather dull performance by the West German economy.

ROUMS 1025 during the morning-to DM3.1025 during the morning-te DM3.1025 during the dwring-te DM3.1025 was in the D-Mark and Japanese yen, as a result of the unwinding of short positions in the D-Mark and long positions in the yen.

There were no major statistics to influence the market, but Friday's news on US employment data continued to have some

impact.
Rising unemployment in May. Rising unemployment in May, and a lower than expected rise in non-farm amployment, eased fears about rising US inflation.

This also put a question mark against earlier suggestions that the Federal Reserve was about to tighten its credit policy, in order to stem overheating in the US economy.

economy.

Although the market no longer saw an immediate need for the US authorities to increase interest rates, the dollar was underpinned by signs of renewed confi-dence in US shares and bonds among Japanese investors.

In general the dollar appeared

to gain strength from the employ-ment data, particularly against the Japanese yen. The yen suffered against major currencies in general, and partic-

£ IN NEW YORK

Jane 6	(.atesz	Close
1 month	1.8005-1.8015 par-0.01ds 0.10-0.07pm 0.98-0.88pm	1.7955-1.7965 0.10-0.09pm 0.49-0.47pm 2.05-1.95pm
Forward premius	ts and discounts app	ly to the US deltar
CTEN 11	ie turpy	•

STERLING INDEX

	June 6	Prerioss
8.30 9.00 10.00 11.00 Noon 1.00 2.00 3.00 4.80	76.2 76.2 26.4 76.4 76.4 76.5 76.3 76.3	76.5 76.3 76.3 76.2 76.2 76.2 76.2 76.2

CURRENCY RATES

June 6	Back rate	Special* - Drawing Rights	Enropean Coursecy Unit
Sterfing US Dollar US Dollar Canadian S Austrian Sch Reiglan Frage Danch Krose Danch Krose Danch Krose Banch Krose Banch Krose Banch Krose Banch Krose Banch Krose Senson Frage Japanese Yen Senson Frage Senson Frag	6 17 17 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	0.255407 1.28840 1.28840 10.4676 40.9277 2.4399 2.43025 7.92471 1743 63 1.456 8.57080 154.780 1.56163 187.0031 0.004177	0.667270 1.286.26 1.48444 14.5872 45.3807 7.87626 2.52711 7.04.26 2.52711 7.57083 17.561 7.24900 1.73089 20.77318

CURRENCY MOVEMENTS

AG MITHIGH	and i mus	-14 1 2
Jame 6	Bapk of England Index	Morgue ** Charges **
Sterling U. S Dotter Loredian Dollar Russ' un Schilling Reiglan Franc Banch Kroer Beersche Mark Swiss Franc Benich Franc	25.0 25.0 25.0 25.0 25.0 25.0 25.0 25.0	158 -130 - 47 - 421 - 421 - 421 - 421 - 422 - 423 - 42
Morgan Guaranty cha Basic of England index G are for June 3	orgen, average 1 Base Average 19	990-1982 100. 75 1000 Rans

QTHE	CURRENC	HES
June 6	€-	\$
Argentisa	13,5000-13,6050	7.5000 - 7.5500 1.2605 - 1.2610
Australea Brazil	22720 - 22730 294 25 - 247 90	164.40 - 165.20
Ferland	7.3640 - 7.3620 245.80 - 250.10	4,0880 - 4,0900 136,35 - 138,85
liong Kong	14 0840 - 14 1010 122.00	7.8165-7.8185 67.25
korea(Stin)	1309.30 - 1321.15	732.80 - 736.60
Kurasii	0.49740 - 0 49790 . 64.65 - 64.75	0.27615 - 0.27625 35 45 - 35 45
Malaysia Mesico	4,6515 - 4,6630 4090 00 - 4111 68	2.5825 - 2.5845 2270.00 - 2280.00
N. Zealged	2 5975 - 2 6025	1 4410 - 1 4430 3 7500 - 3 7510
Sagil Ar, Skreigere	6.7555 - 6.7615 3.6658 - 3.6565	2 0 2 0 5 + 2 0 2 2 5
Á (Cm)	4 0240 - 4.0340 5 2648 - 5.3620	2.2310 - 2.2325 2.9195 - 2.9850
alessa.	51.15-51.40 6.0360-6.6215	28.60 - 28.70 3.6725 - 3.6735

MONEY MARKETS

Base rates to 81/2%

money touched 98% p.c., before

the UK economy may be expand- an additional drain on funds.

ing at too fast a rate.

The Bank of England forecast a facility organised by the Bundes money market shortage of £200m bank to inject liquidity, traders pounds, and invited the discount were still a little wary - given the houses to use their borrowing recent rise in US interest rates - facilities but did not intersect to and same analysis ware still facilities, but did not intervene to and some analysts were still buy any bills from the market.

The central bank informed the rate tender before too long.

CLEARING BANK base rates rese to 8% p.c. yesterday, following a clear signal from the Bank of England, through a half point rise in its market lending rate.

Once again it was more the timing than the actual rise itself which took most traders by surprise. Interbank rates actually better the bank money touched a low of 5 better the half point increase. Three-month interbank money touched 98% p.c. before the pote circulation adding 2400m.

the note circulation adding £400m

money touched 98% p.c. before the note circulation adding 2400m finishing at 8181 p.c. compared to liquidity, and bank balances with 8%-8% p.c. on Friday. Rates had already been discounting a further half point increase.

Yesterday's base rate rise, the second this month, underlined expected outflow of funds this manth from an implications for inflation, yesterday's rise of 0.7 p.c. in April's UK retail sales figures, from an initial 0.2 p.c. increase.

The note circulation adding 2400m to liquidity, and bank balances above target of £125m.

In Frankfurt call money was pushed firmer as commercial banks moved to counter an expected outflow of funds this month never well bid, with banks looking for capital to pay this week's installment on a two-year Treasury paper tender, offered last Friday. In addition, comporate tax payments due later this month are expected to cause the UK economy may be expend-

Est. Vol. (lut. figs. not shown) 5527(8634) Presides day's open lut. 42678(41,260)

Long term Excubilize: two years 84,-87; per cent; three years 9-84, per cent; four years 94,-87; per cent; flue years 94,-97; per ce

£ \$ BM Yes F.Fr. S.Fr. H.Fl. Liss C.S. B.Fs. 1803 1995 227.3 18.46 2.580 3.475 2302 2.227 64.78 1 1717 126.1 5.801 1.431 1.927 1277 1.232 35.88 0.323 0.583 1 73.44 3.380 0.834 1.123 743.8 8.718 20.90 4.379 7.932 13.62 1000 46.02 11.35 15.26 10128 9.771 284.6 0.956 1.774 2.959 217.3 10. 2.457 3.322 2201 2.123 41.85 0.388 0.699 1.200 88.10 4.054 1 1.347 892.2 0.861 25.08 0.288 0.519 0.891 65.41 3.019 0.742 1 662.4 0.839 15.62 0.414 0.709 1.344 99.74 4.544 1.121 1.510 1000 0.965 28.11 FS 8.650 8.812 1.544 1823 4.716 1.152 8 Pt. 1.546 2.787 4.784 251.3 16.17 1.988

6 mentils HS Dollars

3.20-3.25 71-71, 15-15 33-4 3.46975 91, 101, 3.80 63-71, 3.30-3 40 714-715 213-24 33-4 3.90625 1015-1114 6-614 717-714 350-3.65 73-75 24-25 46-44 196875 104-114 64-54 73-74 3.95-3.50 74-72 3.70-3.85 75-71

LONDON MONEY RATES 97 8.10-8.05

Treasury Bills stellt; one-mouth 8 per cest; three months 8, per cest, East Bills bell?; one-mouth 8 be cest, three months 8, per cest, East Bills bell?; one-mouth 8 be cest, three mouths 8, per cest, Treasury Bills; Average tender rate of discount B.1267 p. C. EDCD Front Rate Stelling Export France Marks up day 1869, 3.1, 1968. Agreed rates for period June 26, 1968 to July 25, 1968, Schower 19, 37 p. C. Schower 16, 1969, Schower 19, 40, 1961, Schower 19, 40, 1961, Agreed rates 19, 57 p. C. Schower 16, Schower 16, Schower 16, 40, 1961, Agreed Augustory and Frances Houses street Gard souther, others seem days notice 2 per cest. Certificates of Tao Descott Schow 10, 1963, Persont 1, 1968, Bank, Descott Rates for sames at seven days notice 2 per cest. Certificates of Tao Descott Schow 10, 1960, 1961, 1

FINANCIAL FUTURES

Sterling contracts firmer

STERLING DENOMINATED deposit futures rose to 91.05 from interest rate contracts were 91.02, in spite of the approaching firmer on the Liffe market yester-delivery of the contract.

bank base rates another ½ p.c., only a few days after the last the dollar's index rose to 94.0

This came as something of a day.

Session surprise to the market, as Gilt futures gained support Commupward pressure on rates from the anti-inflationary implipates.

Session the appeared to be easing during the cations of higher UK interest. ions in the D-Mark. rates. The pound opened at This was in response to expect around DM3.0925, but pushed up morning, with an improvement rates, by sterling against the D-Mark. Sep West German economy.

But last week it was announced that first quarter growth in German gross national product was a strong 1.5 p.c., compared with 0.5 p.c. in the fourth quarter of last year.

This growth growth was a strong 1.5 p.c., fourth quarter of last year.

This growth growth was a strong 1.5 p.c., fourth quarter of last year.

This growth growth was a strong 1.5 p.c., fourth quarter of last year. June three-month sterling peak of 96-10, on the rise in base LIFFE LONG SILT FUTURES OPTIONS

Estimated volume total, Calls 125 Pets 0 Previoes day's open int Calls 1011 Pets 310

LONDON (LIFFE)

Estimated Volume 491(785) Previous day's agen int. 737(797)

Estimated Volume 1211(1747) Previous day's open (pt. 112(1)(11561)

us treasury boxes 8% \$180,000 32mb of 100%

CURRENCY FUTURES

LIFFE-STERLING 525,000 \$ per E

Core High Line Pres. 182 10 182 25 181 00 181 40 183 25 183 10 182 20 182 55

Clear High Los Pres. 87-29 88-11 87-29 80-19 86-29 87-12 86-28 86-21 85-16 85-16

Close High Low Prev 18013 1.8042 18009 1.7998 1.7957 1.7957 1.7957 1.7935 1.7875

1-mth. 3-mth. 6-mth. 12-mth. 18013 17975 17911 17810

was the most obvious currency to slightly against the D.Mark, with sell, because long positions have the German currency closing at been built up recently.

DM3.3810 in Paris, compared with been milt up recently.

There was no news to suggest the yen has any underlying weakness, but more a matter of technical correction in other curameters.

DM3.3830 in Paris, compared with DM3.3834 on Friday.

This followed the first round in the French general election, and technical correction in other curameters.

In terms of the dollar, sterling

The French franc improved

On Bank of England figures

Sterling failed to react to another rise in UK bank base

mance by the right of centre can-

the central bank did not wish to SF11.4320 from SF11.4385. see any further weakening of the On Bank of England

Over recent weeks the market from 33.9.
has tended to build up long positions in the yen and short positions in the D-Mark.

The dollar rose to Y128,10 from didates. **ENS EUROPEAN CURRENCY UNIT RATES**

This encouraging growth rate in Germany, coupled with the pound's exchange rate index rose remarks of Mr Poehl, led to buy. O.1 to 76.3.

The French franc improved

Jane 6	Day's	Clase	One mostle	7	Three months	% LA
rada birlands	1800 - 1805 22159 - 2725 147 - 3 89 44 £ - 65.30 1177 - 11 1824 1155 - 11 183 309 - 3104 259 - 255.10 259 - 259 257 - 258 257 - 258 257 - 258	1,800 - 1,800 0 2200 2220 2220 2220 2220 2220 222	0.13-0.10cm 0.10-0.24cm 20-5-year 20-5-year 20-5-year 10-5-0.10cm 11-10-year 1-5-year 1-5-year 1-1-year 11-1-year 11-1-year 11-1-year 11-1-year 11-1-year 11-1-year	0.77 4 92 4 192 4 252 4 255 4	0.52-0.47pm 0.27-0.45pm 4-1.35pm 54-34pm 1-1.05-0.25ds 0.23-14pm 151-25ds 40-34pm 113-125ds 41-3-1pm 34-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2-2	1.10 4.53 2.72 1.04 5.17 3.20 1.82 4.15 4.51 4.51 4.51 5.91

ءُ جعيا.	Day's	Dose	Duc mesti	PA.	Tirge months	100
bit- iretanti Catada leebu-lanks Beigham Denmark Wi Germany Percept Seden Rafy Norman France Swiden Japan Japan	1800 - 1805 1505 - 1560 1275 - 1230 1765 - 1230 585 - 360 654 - 655 1715 - 1720 160 - 141 11340 - 113 75 1274 - 1280 67 - 674 600 - 661 1295 - 1206	1,809, 1,8036 1,550, 1,500 1,520, 1,250 1,520, 1,250 1,520, 1,520 1,520, 1,520 1,740, 1,170 1,004, 1,140 1,140, 1,135 1,140, 1,135 1,140, 1,135 1,140, 1,135 1,140, 1,135 1,140, 1,135 1,140, 1,140 1,140, 1,140 1,	0.13-0.10cm 0.05-0.10cds 0.15-0.20cds 0.55-0.54cm 0.55-0.54cm 0.00-0.00cm 28-70cds 13-73cds 2.10-3.100cm 28-70cds 0.100c-0.10cm 0.10cd-0.10cm 0.10cd-0.10cm 0.10cd-0.10cm 0.10cd-0.10cm 0.10cd-0.10cm 0.10cd-0.10cm 0.10cd-0.10cm	0.77 -0.58 -1.71 -1.58 -1.19 -4.81 -2.44 -	0.52.8.47 pm 0.12-0.22ds 0.53-0.37ds 1.43-1.62pm 1.43-1.62ps 1.43-1.62ps 1.43-2.70ds 5.54.65gs 6.76-1.07.70ds 8.55-8.70ds 0.20ds-0.18pm 4.00-4.20ds 1.11-1.06pm 12.00-10.00pm	114 -177 168 -188 -188 -188 -188 -188 -188 -188

ting 71,71, 8-71, 8-2, 85-24, 94-44, 94-45, 94-44, 94-54,	93-9	- A1 A1	-			perat Souler	Junga 6
200	1 33	713-713 93-95 45-45	97.97 97.97		871 71-77 91-85 31-35	75.75 75.75 25.75	Bolizy
Front 24-27 25-26 21-26 21-28	43-41 673 114-10	33-35 711-73 101-103	353 7473	巍	巍	75.75	

EXCHANGE CROSS RATES

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1.8025

MONEY RATES NEW YORK

7.45-7.40 9% 6% 5%

day.

This followed the Bank of Kngland's move to increase UK bank base rates another ½ p.c.

Most trade has now transfered to the September month, which opened lower at 90.32 yesterday. This was the lowest level of the day, and the contract rose to a peak of 90.64, before closing at 90.46, compared with 90.38 on Fri-

September long gilts rose to a

LIFFE EURODOLLAR OFTIONS Sim points of 100%

Ously.
US Treasury bond futures also
I London, at

finished firmer in London, at 86-29 for September delivery.

against 86-21 previously, but well

CHICAGO

below the day's high of 87-12.

Prices weakened later in Chicago, with US debt futures falling to session lows, on a rise in the Commodity Research Bureau

ing US inflation, pushing honds down, and triggering light stop loss selling orders. 5 20 10 33 1131 154 110 22 205 1006 134 5 12 50 4 60 2 80 2 80 4 80 4 80 15 A 10 28 248 114 517 68 268 4 585 4 400 135 30 1 7

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 29,017 B-Bid C-Cati P-Pat

BASE LENDING RATES

Nat Bit, of Kuwait Colored NA City Merchants Bank Christale Bank Comm Sk N East Adam & Company

AAB - Alled Arab Bt Allect inst: Bask Henry Assbarber ANZ Basking Group Associates Cap Corp Antherity Bank B & C Merchant Bank ... Duecan Lawrie ... Equatorial Bank pit Exeter Trest Ltd Financial & Gen. Sec Banco de Bribao Bank Hapozlini Basel Legani (UK) Bank of Cypers Back of Ireland Back of Indea Robert Fraser & Plans. . Bant of Scotland. Barone Beige Ltd Barciays Bank Beschmark Bank PLC Hamber, Back Bertiner Bank AG....... Brit Bk of Med East.....

Hornich Gen Trust
PK Finans, Intitliki
Provincial Bank PLC
R. Raphari & Sons Royal Sk of Scotland . Royal Trust Bank Sparth & Williams Secs. Standard Chartered United Bit of Kowai Westpac Bank Corp. Whitesway Laidton

• Members of British Merchant Banting & Securities Houses Association ° 7 day deposits 3.00% Securite 5.65%. Too Tier-120,0004 instant access 7.50% & Mortgage base rate. § Demand deposit 3.00%. Mortgage 9.125% - 9.5%

Barnes & Co.

presents

STEIDLMAYER MARKET THEORY SEMINAR

LONDON July 9th - 13th 1988

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01-623-8949

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Chemical Bank Home Loans

Money Market Mortgages

The rate for LIBOR-linked mortgages for the quarter beginning 3 June 1988 will be 10% (APR 10.5% variable).

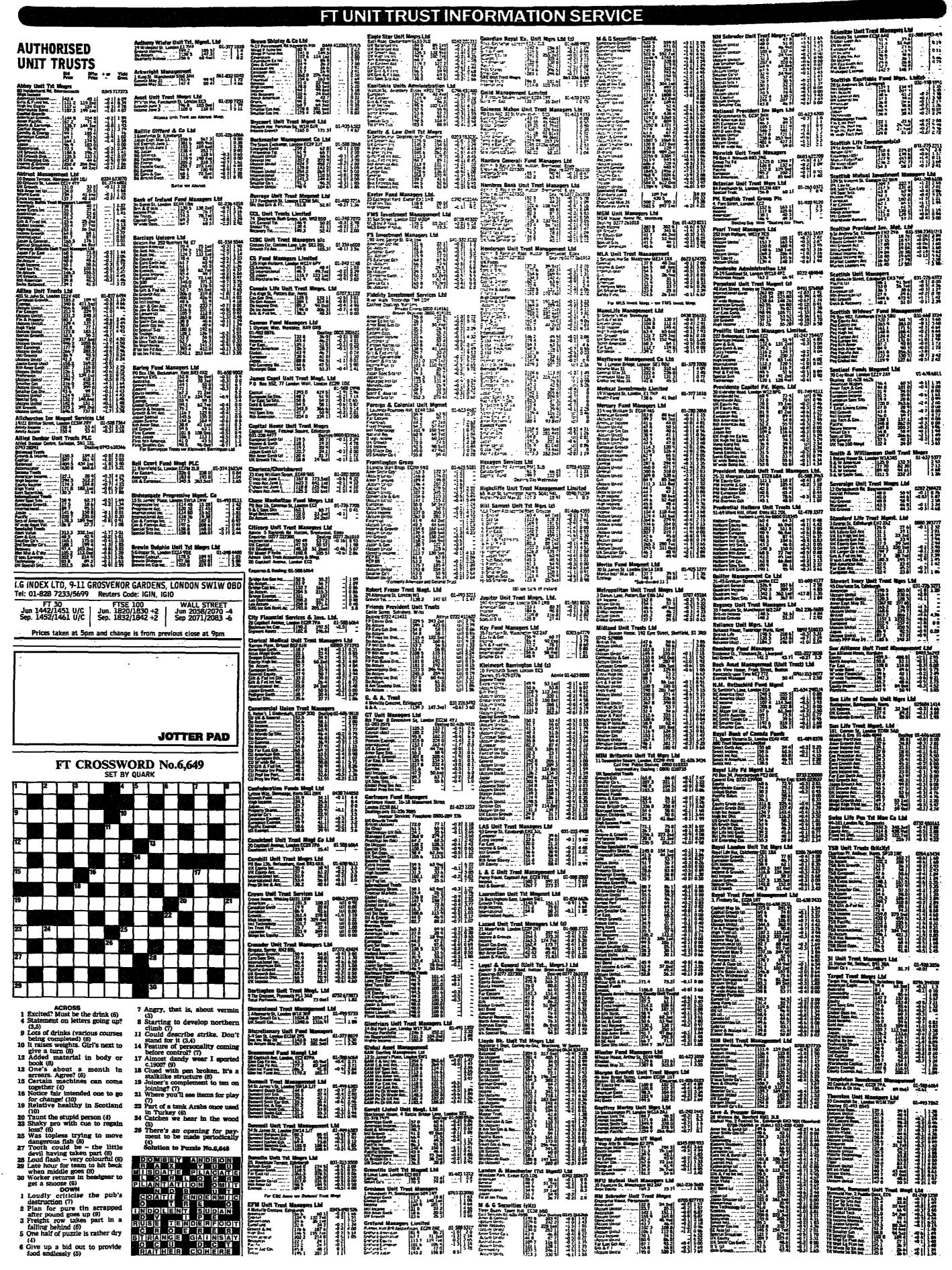
Company Notices

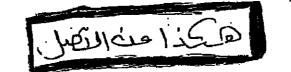


red in Brussels by virtue of the 28 August 1822 Royal Decree Registered Office : Rue Royale 30, Brussels Brussels Commercial Register No. 17.487

4. Report of the Governor on behalf of the Board of Directors on the abiding, since Ar

In order to attand this General Meeting, to accordance with Article 29, paragraph 2 of the Memorandum and Articles of Association, wherea must be deposited by Tuesday, June 14,





June 7 1969

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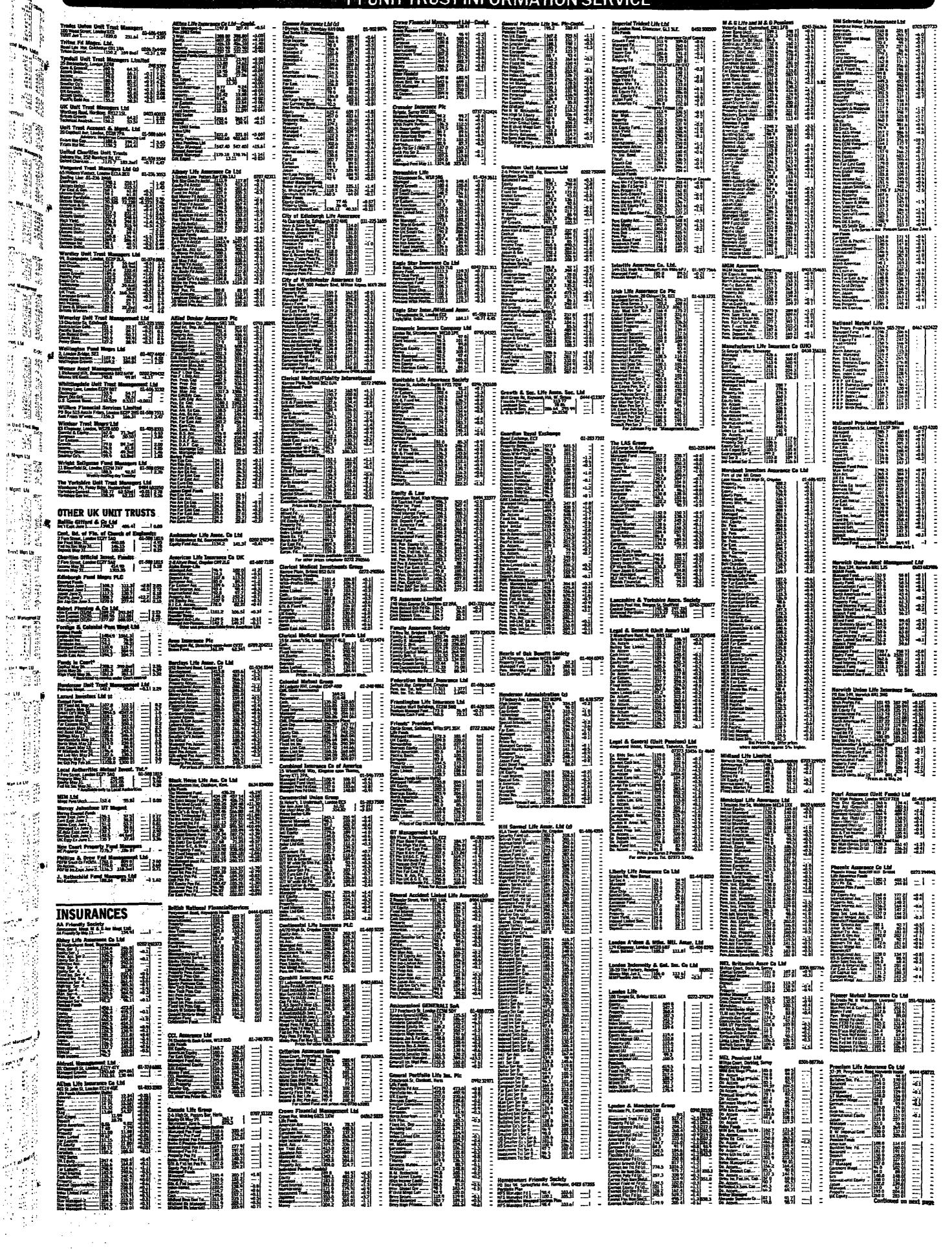
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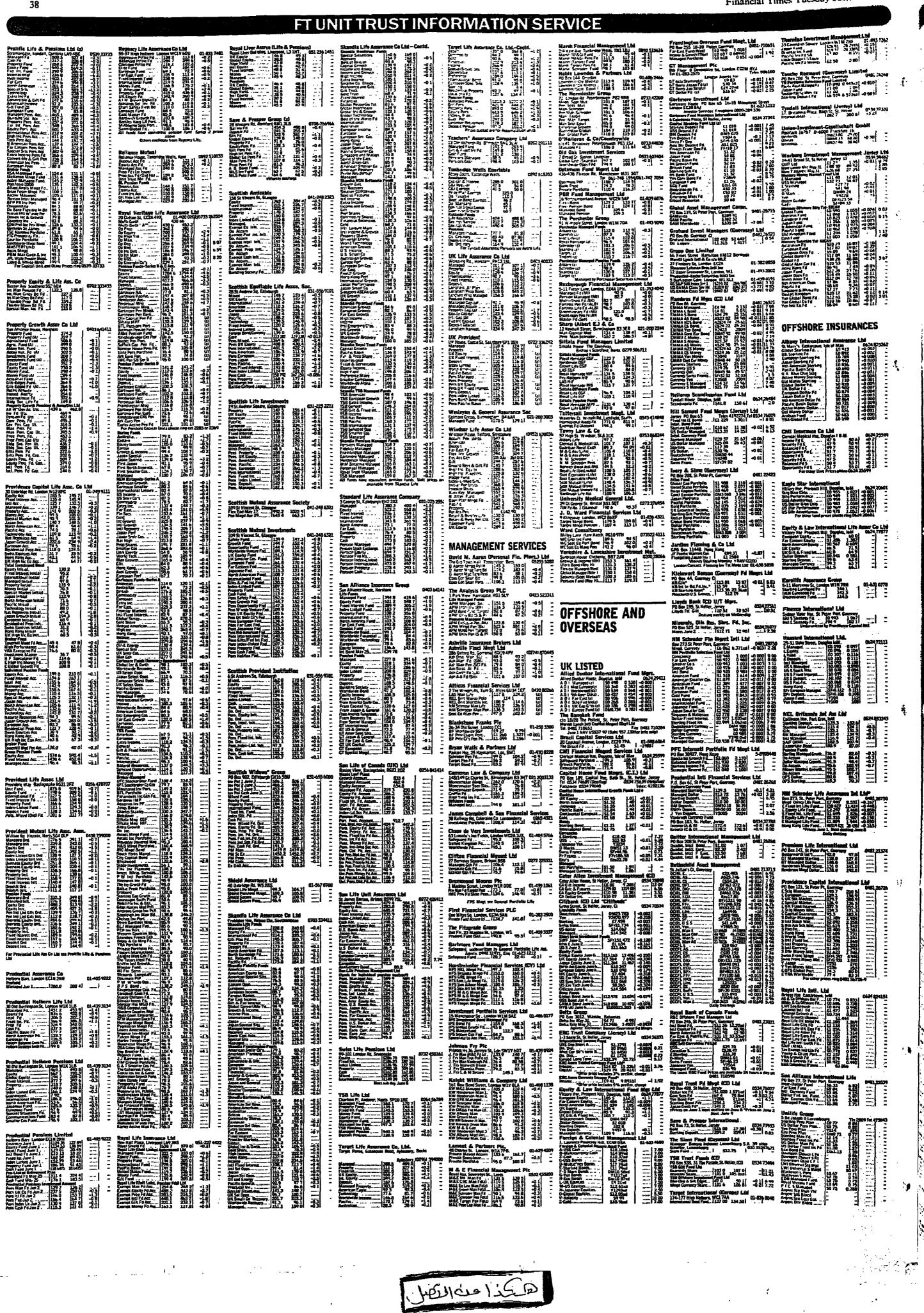
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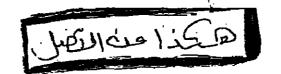
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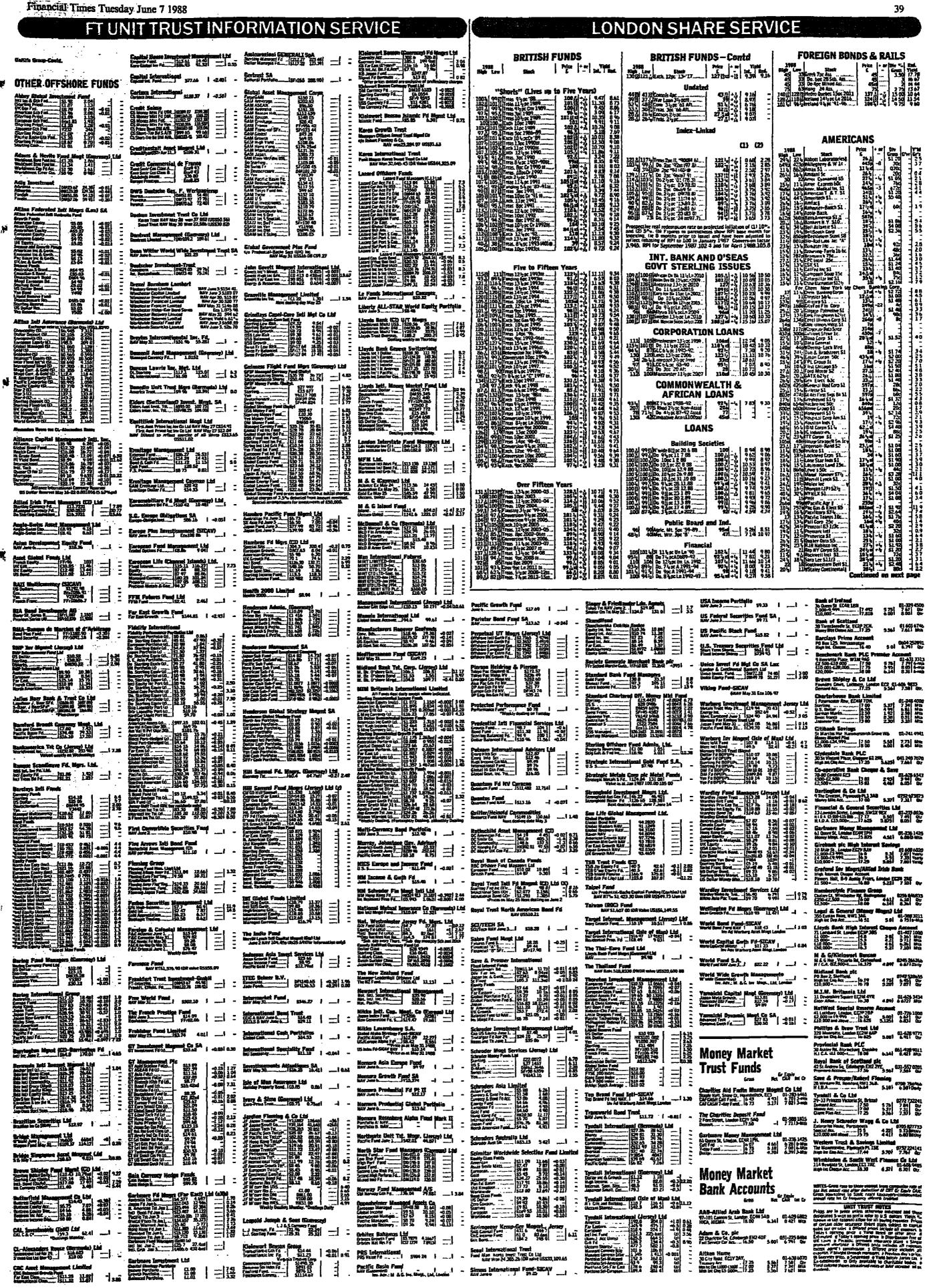
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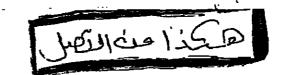
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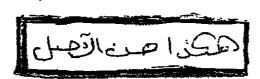
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The BANK of England's decision half point increase in domestic interest rates had been well discounted in the UK securities markets, which chose to concentrate on the positive, anti-inflationary,

bonds responded positively to the half point rise to 812 per cent in UK base rates, moving up by \$\frac{1}{2}\$ or so. The mediums gained about \$\frac{1}{2}\$. However, there was not much retail support for Gilts which were still keeping a cautious eye on the US bond market.
The City was a little surprised

by the timing of the move by the Bank, which acted when sterling was looking firmer. However, this also served to buttress the market's view that the authorities were showing a prudent regard for the domestic economy.

This accorded with comments in the UK financial press at the weekend that last week's increase in base rates was not a "panic" response to the fall in sterling but a strategic move by the UK financial authorities. One UK brokerage house suggested yesterday that domestic rates might be heading up to 10 per

Equities, which had been hanging fire during the morning, took a significant turn for the better towards the close, breaking through an important chart bar-

close with a double digit gain. The final reading showed a net rise of 13.5 points to 1832.7 in the US oil group Mobil triggered FT-SE 100 Index. Overall, however, trading volumes were disapinterest in the oil and gas sector pointing, as indicated by the Seaq with particular emphasis on the total of 380.2m shares.

The final upturn in market stocks. indices reflected widespread The price paid for Texas East-gains in the international blue ern's interests was said to have most likely candidate to bid for 90p, but strengthened through chips, led by ICI, Glaxo, BAT Industries and Shell. Turnover in these leaders was low, however, with only 814,000 ICI and 1m Glaxo shares traded – indicating that the institutions are still behaving with caution.

The market's perception is that Enterprise added 3 at 435p. these major exporting groups stand to gain more from the fall in the nound than they will lose from the increase in domestic

"The rise in interest rates presents little threat to the valuation basis of the equity market", commented Prudential-Bache shortly before the latest base rate hike.

The recent strength of sterling has presented a threat both to corporate profitability and the

Gilts and equities take positive stance on latest

ment to UK equities may improve over the summe Equity market interest was

not.however.confined to the sterday to engineer another internationals. Attention also continued to focus around the bid prospects on the consumer pitch. Rowntree shares edged up by 2 to 1035p as rumours circulated that Nestlé would disclose its revised implications of the move.

Longer-dated Government had suggested that the final bid might fall somewhere short of the £11 on which the market has been speculating. The City was unsure what to make of Suchard's announcement that it is taking a majority stake in Pav-lides Chocolate Manufacturers, second largest confectioner in

> Brisk demand (4.6m shares) in Cadbury Schweppes saw the stock rise 14p to 410p after reports that senior executives of General Cinema, the US holder of an 18.4 per cent share stake, are in London this week. The Cadbury camp denied suggestions of discussions with Coca-Cola.

> The rest of the food manufacturing and consumer sector also fell under the speculative spot-light. Grand Metropolitan, active last week on rumours that it might be interested in bidding for Moet-Hennessy Louis Vuitton of France, moved up in late deals.

> However, the disclosure that Bond Corporation of Australia will bid £337m cash for the Bell group took the speculative heat off Allied Lyons.

Texas Eastern's sale of its rier of 1820 on the FT-SE scale to North Sea interests to Spanish close with a double digit gain. North Sea interests to Spanish group Repsol for \$276m and news of a gas find in the North Sea by exploration and production

increased the going rate for North Sea assets, coming hard on the heels of the bids for Britoil. Tricentrol and Acre. LASMO were immediately bid up on the news and closed 8 higher at 436p on turnover of 3.8m shares, while

British Gas hardened to 1741/p on 6.5m shares, while American buying lifted Shell 10 to 1076p on turnover of 1.1m. Ladbroke was in the news,

announcing two sets of disposals seven hotels to the Penguin Hotel Group for £30m and the Kensington Exhibition Centre and Kensington Banqueting Suite to Randsworth Trust for £7m. Ladbroke shares raced up 10 to 436p on turnover of 1.3m with buying interest developing signifincrease in bank lending rates FINANCIAL TIMES STOCK INDICES H-gr Low 227 4 89 60 92.13 91, 43 B9 50 86.97 89.62 89 43 19:1:35 3/1:75

98.32 105 4 98.49 28,11;47 (8/1) 1349 0 (8/2) 195 4 (25/5) 1478 7 1727.2 1439.6 1427 5 1443 4 1452.8 1444.4 1926 2 16 7/87 (26/6/40) 734 7 43 5 15 2:83: (26/10/71 217.3 395.5 232 I <u>22</u>4 0 224.5 234.3 S.E ACTIVITY 3 29 Ord Div. Yield June 3 June 2 Earnings Yld. %(full)... 11 66 11 76 11.76 Gilk Edged Bargains ... Equity Bargains ... Equity Value ... 5-Day average ... Gilk Edged Bargains ... Equity Bargains ... Equity Value ... P/E Ratio (net)(*) .. 10.40 15.56 10 49 10 41 23,984 50,082 27,761 SEAQ Bargains (5pm) 32,180 25,961 Equity Turnover (Em) .. 1142 9 1012 59 1021.06 1370 03 1190 75 28.973 27 816 26 488 55.091 Equity Bargains . .. 491.4 427 6 366 5 486.7 Shares Traded (ml) 571.5 4 p.m.

Day's High 1452.8 Day's low 1439.6 Basis 100 Gort. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Miras 12/9/55, 5 E Actions 1974, " Not = 10.39.

1443.3

1444.0

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

12 p.m.

1442.9

1440.0

brokers Kitcat & Aitken. Questioned on current trading at Lad-broke, Cyril Stein, chairman and the day's best performers, with

1439.9

1445.2

gave a further fillip to Standard advanced 13 to 497p ahead of Chartered which jumped 11 to tomorrow's agm.

493p amid speculation that Bell New USM issue Arthur Shaw. Group's 14.9 per cent stake could a safety and security firm, had a soon be on the move to a possible predator; rumours in the market at 115p, a premium of 10p on the

ren, and, via Dewey, merchant over. bank Morgan Grenfell triggered Th a fresh wave of buying interest in the start by news of Bond Corpo-the latter which raced up 12 to ration's bid for the Bell Group 303p. Market speculation in which reduced the likelihood of

bands rates and another positive note supported on currency factors on the sector by Citicorp Scrimand climbed 13 to 520p as market-geour Vickers. "The sector is now makers covered short positions. more in tune with fundamentals and prospects than has been the

presentation to institutions at those banks with bid potential"

managing director said he was dealers citing takeover specula-"brim-full of confidence." dealers citing takeover specula-tion and a stock shortage as tion and a stock shortage as News that Alan Bond has being partly responsible for good unched a £377m takeover bid gains throughout the sector. Prufor Bell Group, formerly con-dential jumped 4 to 161p on turn-trolled by Robert Holmes à Court, over of 6.6m, while Pearl

successful debut, ending the day ontinued to put up Australian offer price. Guinness Mahon the day to close at 104p in what The Bell stake in Dewey War- dealers said was reasonable turn-The brewers were subdued at

recent weeks has suggested that Bond bidding for Allied Lyons. the 21 per cent-plus stake in Allied shares opened lower, Morgan held by insurance broker touching 422p, before rallying to Willis Faber is about to change close at 426p, down 3 on turnover of 2.8m. Bass rose 15 to 804p, but The "big-four" banks man was hampered by a large line of aged to record minor gains, stock overhanging the market, helped by the increase in base Grand Metropolitan was well

Boots was one of the more actively traded stocks (4.2m) and case for some time. We remain settled 9 to the good at 219p. Few convinced that there is much analysts are expecting any excite-

announces preliminary figures on Thursday. However, yesterday's buying found the market none too well supplied with stock.

1447.8

1444.7

Currency influences helped Reuters, 11 to the good at 507p, and British Aerospace, which met with keen early support and closed 11 better at 405p.

Speculative demand prompted a sharp rise of 11 to 317p in Nu-Swift. Suter stake speculation continued to boots Newman Industries which put on 4 more to 63 1/2 p and Metal Closures, up a few pence further to 209p. Satis-Sketchley 3 to the good at 383p. Coloroll, reflecting its successful offer for J. Crowther, improved 7

T and N, down a shade at 165%p. failed to benefit from the proposed acquisition of Sime Industrie for £3.8m. Sime is the leading French manufacturer of fluid couplings and industrial safety brakes. USM quoted Pacer

factory preliminary figures left to 182p.

Systems tumbled 17 to 93p on the forecast of significantly lower for control of J. Crowther.

LONDON TRADED OPTIONS

MEW HIGHS (136).

AMERICANS (4) CANADIANS (2) BANKS (3)

SREWERS (4) BUILDINGS (7) CHEMICALS (3)

STORES (4) ELECTRICALS (12) ENGINEERING
(5) FOODS (1) HOTELS (2) MOUSTRALS (22)

INSURANCE (2) LEISURE (5) MOTORS (4)

PAPERS (5) PROPERTY (7) TEXTILES (3)

TRUSTS (10) DILS (3) MINES (15) THERD MAR
RET (1).

balance of payments". Thus, the buying interest developing signiffirm argues that investors sentiicantly after a majorcompany more to come, particularly for ment from the group when it toams in which and to the proof of the group when it toams in which are to come, particularly for ment from the group when it toams in which are to come, particularly for ment from the group when it toams in which are to come, particularly for ment from the group when it toams in which are to come, particularly for ment from the group when it toams in which are to come, particularly for ment from the group when it toams in which are to come, particularly for ment from the group when it toams in which are to come, particularly for ment from the group when it to come, particularly for ment from the group when

current year profits. Harris Queensway leaped 12 to 158n on turnover of 2.2m shares amid market rumours that news of the consortium buyout of the group is imminent; there were also stories of strong buying from

Continental sources. upgraded from 0.2 per cent to 0.7 per cent. Ratners benefited from buying ahead of the analysts trip

of 5.8m shares following the revelation that the company is plan-ning a Wall Street flotation of the

company's US interests. made further good progress. British Telecom moved up 4 to 240p on turnover of 3.3m ahead of Thursday's preliminary figures, Forecasts range from around \$2.25 to \$2.32 bn with the majority of brokers going for £2.29 bn. But the main impetus for BT's

upward move came from a "buy" recommendation issued by BZW. The securities house has upped its current year forecast for BT from £2.48 bn to £2.57 bn, and says "investors should be able to look forward to a total return of to 488p as the story that it will 16-20 per cent per annum com-sell Blackfriars Oil & Gas was bined with low risk." Adwest featured the Engineer-

ing sector, moving ahead strongly amid persistent takeover speculation which left the shares 301/2 higher at 3521/2p. Tomkins was being put forward as a possible predator. Elsewhere, Braith-waite were noteworthy for a gain of 10 at 243p in response to the recovery in annual profits, while speculative activity in a limited market left Hall Engineering 15 The following is based on trading volume for Alpha securities dealt through the SEAQ to the good at 385p. B. Priest, reflecting a newsletter recom-mendation, firmed 2 to 22%p. Glynwed rallied 5 to 442p on fur ther consideration of the recom mended offer for Amari, while T Robinson edged up 3 to 411p as Coloroll won the day in the battle

NEW HIGHS AND LOWS FOR 1988

10] pc 12 9 85. CHEMICALS (1) Chemoxy Inf1, ELECTRICALS (1) Telecomputing, POODS (2) Actice & Mutcheson, Sampury, BIOUSTRIALS (8) British Airways, Kalsay Inda, Macdarlane Group, Unilock, NEWSPAPERS (1) Ltd. Newspaper, PAPERS (3) Chapman Inda, Craton Lodge, Farguson Ind. Mil. Research Croup, Wilny Maccay-Laws, SHIPPENG (1) P & O 5 1pc Rd. Pri. TRUSTS (2) Mercury Asset Mgmat, Nat. Hothe Ln. 71-pc Cv. Pf. Oil.S (1) British Bozneo, OVERSEAS TRADERS (1) Utd. Plants Africa, Marce 1) New Was.

Takeover speculation returned to the food manufacturing sector where United Biscuits jumped 9 to 303p on turnover of 4.3m. Uni-gate, where stake - building talk continued to circulate, added 6 at 312p, and Dalgety 10 to 320p. Tate & Lyle rose sharply in response to the sale of Staley unit CFS for \$700m in cash, and also on talk of

a broker's upgraded profits fore-British Dredging featured, ris-Other stores were barely ing 10 further to 147p, after 149p, affected by the revised April as Newarthill increased its stake retail sales figure which was upgraded from 0.2 per cent to 0.7 still reflecting speculation about Raine Indstries' recently acquired stake, were actively traded and touched 228p before closing unal-tered on the day at 225p. Bett to the group's US operations touched 228p before closing unal-scheduled for Thursday. tered on the day at 225p. Bett FKI Babcock jumped 5 to 127p on a sharply increased turnover interim figures next Monday, put

7 to 110p, while Vibroplant, results due a week later, advanced 20 to 725p. Currency influences were the The telecommunications duo major factor behind a fresh rise nade further good progress. Brit- of 13 to 1024p in ICI. Leigh Interests, the waste disposal group, were again keenly bought ahead

of the Thursday's preliminary figures and put on 10 more to 253p. The rise was accompanied by vague speculation about a possi-ble bid from BET. Coalite, annual results due today, closed 9 to the good at 302p. The motors sector saw Jaguar

rally on ADR strength in New York to close 4 better at 272p. Associated Newspapers rose 9 revived. A Blackfriars spokesman said there was nothing to report, but dealers noted a lack of selling. Reed International eventu-ally managed to follow the market higher and ended the day 7

Agencies were lively, with Trimoco.

DRG up 13 at one stage as amarketmaker marked prices up and others followed, before closing with a gain of 6 at 389p. AGB Research responded to weekend Press comment with a rise of 2 to 243p. after 248p. Dealers are 243p. after 244p. Dealers are expecting an announcement soon. Boase Massimi Politit continued its recent return from the doldrums and rose 5 to 276p after announcing it had won an account from Scottish Amerika.

Among Properties, Rosehaugh an into profit taking after recent

ran into profit taking after recent strength on the King's Cross redeviopment deal and reacted to close 10 cheaper at 776p. Bat Industries, helped by the

favourable decision from the state of Arizona on its bid for Farmers, again traded briskly (some 4.4m shares changed hands) with both London and US

buyers showing interest. Turnover in the Traded Options market contracted to 20,172 made up of 14,022 culls and 6,150 puts. Lonrho, ahead of Thursday's interims, accounted or 1,050 calls and 96 puts.

Traditional Options

 First dealings May 31 • Last dealings June 10

Last declarations Sept 1 • For Settlement Sept 12

For rate indications see end of London Share Service Dealers reported a noticeable increase of activity in the Tradi-tional option market yesterday. Stocks favoured for the call

included Sun Oil, Suter, M. Page. Tranwood, Tuskar Resources, Trimoco, Coloroll, Laporte, Bod-ycote, Raglan, Associated Energy, J. Jarvis, Bristol Channel. British and Commonwealth, Norfolk Capital and Stormgard. A put was arranged in NSM. while dpuble options were trans-acted in Harris Queensway and

TRADING VOLUME IN MAJOR STOCKS

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۲.	Argyll Group	454	Globe Investment	190	RMC	
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\$	BAA	412	Grand Met	2,800	Reckitt & Cohnan	
e i	BAT	4,300	GUS "A"	51	Rediand	_ :
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٠. ا	Brit Acrospace	4,400	Land Securities	760	Sears	1.4
ij	Bot & Comm	1,700	Laporte	65	Shell Transport	1.
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i.	8P . <u></u>	1,300	Lioyds Bank	783	Sumbert Chartered.	•
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•	Burton	235	Lucas	1,900	T&N	2.9
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ì	Cadbury Schweppes.	4.600	Marks & Spencer	7,600	Tarmac	:
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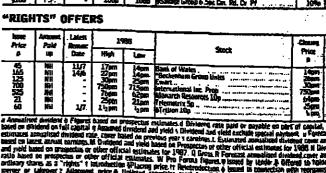
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LONDON RECENT ISSUES

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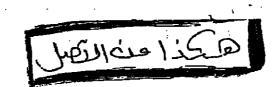
FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS		Mon	day Jo	Fri Jun 3	Thu Jua 2	Wed Jun 1	Year ago (approx)			
Fig	ures in parentheses show number of stocks per section	Index Ng.	Day's Change	Est. Earnings Yield% (Max.)	Gross Div Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	Index No.	Index No.	Index No.
i	CAPITAL GOODS (208)	767.76	+0.3	19.16	3,98	12.26	11.31	765.10	764.15	762.75	924.99
2	Building Materials (29) Contracting, Construction (35)	992,67	+6.2	10.97	4.01	11.23	11.36	990,42			1265.18
3	Contracting, Construction (35)	1561.61	-0.3	10.38	3.42	12.74	25.92	1545.89			1567.61
4	Electricals (12)	2071.47	+8.2	9.32	4.83	13.33	45.53	2067.40			
5	Electronics (32)	1619.50	-0.1	10.14	3.35	12.81	17.77	1620.75			
6	Mechanical Engineering (56)	393.02	+1.1	9.93	4.39	12.58 12.19	6.85	390.88 464.10			
8	Metals and Metal Forming (7)	272 77	+0.3	10.64 11.80	3,79 4,49	9.83	6.82 5.22	273.20			
ő	Motors (13) Other Industrial Materials (24)	1288.87	+0.9	9.02	4.33	13.19	21.24	1277.94			
ĭ	CONSUMER GROUP (187)	1081.20	+0.6	8.85	3.53	14.37	13.03	1074.76			
2	Brewers and Distillers (21)	1121.57	+0.8	10.61	3,68	11.84	13.58	1112.36			
5	Food Magufacturing (23)	968.48	+1.2	8.44	3.53	15.23	13.67	956.49	953.33	95L44	989.98
6	Food Retailing (15)	1981.41	-8.5	8.58	3.28	15.55	21.46	1991.09			2363.46
7	Health and Household (12)	1827.03	+0.6	6.67	2.62	17.69	10.93	1815.32			2497.05
9	Leisure (30)	1317.24	+0.9	7.97	3.61	16.05	18.36	1305.96			
ı	Leisure (30) Packaging & Paper (17)	492.40	18.4	9.14	3.93	14.29	6.18	494.56		478.86	668.04
2	Publishing & Francisty (10)	2712.03	+9.8	8.17	4.36	15.51	44.73	3387.82			
4	Stores (35)	GT6:03	6.0+ 2.0-	10.05 11.54	3.89	13.19 20.12	11.24	811.50			1091.35 756.41
5	Textiles (18)	204.42	+1.2	10.83	4.52 4.28	11.38	10.99 10.17	585.96 873.77			
ĭ	OTHER GROUPS (92)	1147 04	+1.0	7.13	2.32	17.48	11.31	1149,85			1491.38
2	Chemicals (20)	1829 53	41.1	11.75	4.76	10.41	21.53	1010.76			1342.25
3	Conglomerates (13)	1173.51	+0.1	10.69	4.50	10.65	16.27	1172.78			1337.97
5	Shipping and Transport (12)	1980.55	-0.1	10.67	4.63	12.48	29.61	1902.52			2225.38
7	Telephone Networks (2)	945.27	+1.7	11.39	4.36	11.69	0.66	929.51	932.65		1245.78
8	Miscellaneous (26)	1199.00	_+2.5	11.18	4.21	10.16	19_26	1169.91	1155.86	1135.01	1481.13
5	INDUSTRIAL GROUP (487)	956.40	+8.7	9.72	3.85	12.88	12.04	949.86	948.11	947.23	1156.86
1			+0.5	10.39	5.50	12,43	39.00	1848.84	1820.24	1811.72	2153.55
7	500 SHARE INDEX (500)		+0.7	9.82	4.89	12.81	14.34	1025.75	1021.83	1829.34	1241_49
í	FINANCIAL GROUP (121)		+0.4		4.79		14.08	692.58			749.66
2	Banks (8)	668.04	+0.9	21.31	6.10	6.29	18.03	662.39			783.04
5	Insurance (Life) (8)	1008.46	+1.4	-	4.97		24.97	994,41			2046.00
6	Insurance (Composite) (7)	532.67	+0.4	-	5.55	- 1	13.82	530.70	529.84	526,77	546.14
7	Insurance (Composite) (7)	971.86	-8.6	10.06	6.53	12.89	26.67	977.79			1209.39
8	Merchant Banks (11)	356.65	+1.4		3.90		3.94	351.82		348.73	386.65
9	Property (51)	1219.34	-0.4	4.78	2.61	26.77	11.21	1224.46			1148.88
0	Other Financial (29)		0,000,000	9.92	4.67	12.68	5.96	383.51			488.99
? (Investment Trusts (81)		+4.2		2.99	, , , , ,	18.24	875.93		365.69	1833.86
1	Mining Finance (2) Overseas Traders (8)	539.41 1138.00	+1.8	8.96 9.82	3,49 4,92	12.62 12.11	8.12 27.23	529.74 1142.22		512.20 1120.61	589.05 1045.59
히	ALL-SHARE INDEX (712)			7.04	4.16	<u> 12.23</u>	14.09	938.84		932.77	1109.39
긔	WIT-SUMUE INDEX (\15) (000000000000000000000000000000000000	944.69	+0.6								
١		Index	Day's	Day's	Day's	Jun	Jm	Jas	May	May	Year
\dashv	FT-SE 100 SHARE INDEX 4	No. 1832.7	Change +13.5	High 1832.7	Low 1816.5	3 1839.2	2 1810.3	1895.7	3 <u>1</u> 1784.4	27 1783.7	2228.4
	<u> </u>			T	AVERA	GE GRO			Mon Jun	Fri	Year
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			~ T ****					
	FI	KED !	INTE	REST			AVERAGE GROSS REDEMPTION VIELDS Jun 6 3	Year ago (approx.)
	PRICE INDICES	Mon Jun 6	Day's change	Fri Jun 3	xd adj. today	xd adj. 1988 to date	British Government 1 Low 5 years 8.91 2 Cospons 15 years 9.21 9.21	26 8.70
4	Over 15 years Irredeemables	122.77 141.21 149.30 165.91	+0.31 +0.37 +0.26	122.78 140.77 148.88 165.47	0.12 -	4.60 6.22 6.31	25 years 9.03 9.4 Medium 5 years 9.35 9.6 Coopors 15 years 9.40 9.46 High 5 years 9.21 9.7 High 5 years 9.55 9.4 Coopors 15 years 9.55 9.6 Olimedeemables 9.10 (irredeemables 19.10)	8 8.77 15 8.93 17 8.93 18 8.98 10 9.86 12 8.85
_	All stocks	127.59 120.65 121.05	+0.25 +0.43	127.27 127.27 120.14 120.56	-	4.99 0.51 1.18 1.12	Indication rate 5% Syrs. 2.73 2.1 inflation rate 5% Over 5yrs. 3.84 3.1 inflation rate 10% Syrs. 1.77 1.4 inflation rate 10% Coer 5 yrs. 3.68 3.1	1 2.33 17 3.59 16 1.93 19 3.50
9	Debeutures & Lagas Preference	118.82 92.74		118.80 92.47		5.86 3.22	15 Dels 8. 5 years	0 9.95 4 10.03

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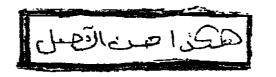


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Continued on Page 43

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AMEX COMPOSITE PRICES

7-3-24 9-1-3-4-3-16 1-3

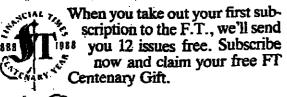
OVER-THE-COUNTER Nasdaq national market, 3pm Prices June 6

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FINANCIAL TIMES

WORLD STOCK MARKETS

Market recovers after nervous start

Wall Street

AFTER last week's stunning railies in both equities and bonds, US financial markets perhaps predictably started the week on a less assured note, writes Janet Bush in New York.

Both markets drifted lower yes-terday morning before recovering ses by the close. The Dow Jones Industrial Average recovered from a decline

of 15 points in early afternoon trading to close 3.91 points higher at 2,075.21 About 150m shares changed

hands, above the level of activity seen throughout most of last month but still well below high daily totals recorded last week. The US Treasury bond market fell prey to some profit-taking yesterday morning and prices were quoted up to % point lower. By late trading, most of those

ses had been recouped. Prices were quoted marginally lower than Friday's close in medium maturities, but at both the long and short ends of the yield curve, were quoted

In late trading, the Treasury's benchmark 30-year issue was quoted unchanged for a yield of 9.05 per cent.

The key factor pressuring bond prices in the morning was another surge in the Commodity Research Bureau's futures index, closely watched by the Treasury market as an indicator of inflation. By midsession, the CRB index had soared more than four points from Friday's close.

Equity traders said the weakness in the bond market put downward pressure on stock prices. There is also nervousness after last week's rise of nearly libraries in the Dow Jones Industrial Average, which took the index to within 40 points of its nost-crash high. That was on Some of the strength in the CRB index recently has related to grain prices, boosted because of The swiftness and suddenness points from Friday's close.

grain prices, boosted because of unusually dry weather in the midwest. However, the prices of many traders who feel a steadier, precious metals such as platinum and silver have also been factors. The switness and suddenness of last week's rally has worried many traders who feel a steadier, precious metals such as platinum and silver have also been factors. Commodity prices rose suspicion about the rise because strongly last week but the sud- it seems to have been triggered den wave of buying in response to recent weakness both in bonds and equities seemed to take over

the mood and the bond market

did not appear to react. leading economic indicators, both
Last week, equities and bond bond and equity markets are returned as an issue this week. week is May's producer prices growth.

its post-crash high. That was on

merely by a change in perception rather than any fundamentally different news on the economy. Although this week sees few leading economic indicators, both

traders seemed to leave aside likely to be nervous about a run their fears about higher potential of key figures next week, includ-inflation but yesterday's perforing April's trade figures and May mance suggests inflation has data for retail sales, industrial eturned as an issue this week. production and capacity utilisal lier losses to post an advance in The only important economic tion, which should give a clearer moderate trading, as rising adicator due to be released this idea of second-quarter economic resource issues pulled the market indicator due to be released this idea of second-quarter economic

Macmillan said it would consider the offer this week.
American Carriers added \$% to By Andriana lerodiaconou \$6%. Baytree Investors, which is involved in legal proceedings

in February, said it would make an announcement this week.

Avon Products dropped \$% to \$23% after the company announced it was selling its Foster Home Healthcare subsidiary for \$225m and reduce its annual dividend to \$1 a share from \$2.

The sale will result in an addi-tional post-tax loss of \$95m. Texaco added \$% to \$50%. As foreshadowed in a US press report, the company announced it had agreed to sell its West Ger-man subsidiary for \$1.225bn to RWE of West Germany.

with the company about a take-over offer it made and withdrew

Canada

SHARES recovered from ear-

week is May's producer prices index on Friday, which is expected to show a 0.4 per cent gain, the same as the increase in April. Imped \$3% to \$74% after news A large component of May's price that Robert M Bass Group had gain is due to a 3.1 per cent rise in agricultural prices last month. Imped \$3% to \$74% after news that Robert M Bass Group had sweetened its offer for the company to \$73 a share from \$64.

Nikkei rises briefly above 28,000

Tokyo

WANING fears of inflation in the US helped the Nikkei average rise past 28,000 at one stage for the first time in Tokyo yesterday, with buying focused on large-cap-ital and high-technology stocks, writes Shigeo Nishtwaki of Jiji

The upward trend slackened. however, on profit-taking in late trading and the Nikkel average closed 89.76 higher at 27,996.24 a record peak for the second session running - after moving between a high for the day of 28,059.97 and a low of 27,912.94.

Volume weakened to 1.6bn shares, compared with last Friday's 2.2bn. Advances led declines by 477 to 419, with 157

The market opened sharply higher on buying by securities houses, individuals, corporations and some institutional investors, in the wake of the announcement on Friday that the US unemploy-ment rate had risen in April for news helped ease inflationary

Among notable gainers were large-capital steels and shipbuilding stocks, but concern later set

in over the speed of the rises, prompting profit-taking. Buying interest shifted to high-technology stocks, reflecting investors' appraisal of a halt in the yen's rise against the US dollar and the low price of such stocks compared with that of giant-capitals.

Large-capital issue Kawasaki Steel headed the active list with 161m shares traded and rose Y3 to Y518 after hitting Y525 at one

stage. Nippon Kokan, second busiest Nost Y4 to Y481 with 138m shares, lost Y4 to Y481 after briefly rising Y3. In sympathy, Nippon Steel weakened by Y5 to Y503 and Sumitomo Metal Industries by Y5 to Y431.

Large-capital chemicals eased, with Sumitomo Chemical shedding Y20 to Y1.050 after tempo-

rarily rising by Y20.

In the high-tech sector, STRONG metal prices and a fall Toshiba Corp, which saw 109m in the Australian dollar encourshares change hands, rose Y16 to Y909 after gaining Y24 at one stage. Mitsubishi Electric moved

Trading volumes in high-tech stocks were not heavy, however, leading leading securities companies to believe that such stocks are unlikely to replace giant-capi-tals as market leaders in the immediate future. The dominant view among brokerages was that large-capitals will draw renewed

buying interest soon. Elsewhere, low- and middle-priced stocks with favourable factors, such as rumours of land redevelopment projects, came under the spotlight. Keisei Electric Railway jumped Y110 to Y1.210 on improved earnings by Tokyo Disneyland, in which it has a large stake.

Some recent gainers among issues with specific incentives closed lower, however. Nippon Yusen dropped Y12 to Y716 after advancing by Y9 on investor interest in the shipping compa-ny's launch of marine leisure

Cosmo Oil declined Y30 to Y895 after its sharp gains last week which followed rumours of plans for putting a subsidiary's real estate to effective use. Bonds turned down, as dealers

and investors became wary of last week's steep falls in yields. The yield on the 5.0 per cent government bond, maturing in December 1997, surged from last Saturday's 4.49 per cent to 4.52 per cent in block trading on the Tokyo Stock Exchange, but it later resisted rising further on buying at low prices in inter-

dealer trading. Osaka Securities Exchange prices closed higher for the seventh session running, with the OSE stock average gaining 104.3 to a record 27,764.38. Volume decreased by 42m shares from last Friday to 138m.

Osaka Titanium soared Y130 to Y2,080 and Araya Industrial rallied strongly by Y100 to Y1,490. Matsumura-Gumi, in contrast, dropped Y44 to Y856.

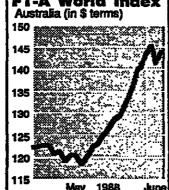
Australia

aged demand for resource stocks, pushing Sydney share prices

higher. up Y18 to Y769, while Sony Corp and Pioneer Electronic climbed 18.1 to 1,599.8. National turnover Y110 each to Y5,250 and Y3,170 was heavy at 144m shares valued

Industrials were mixed with interest focusing on Bell Group following Bond Corp's announcement of a full takeover bid for the company at A\$2.70 a share.

Bell Group rose 37 cents to A\$2.47 and Bond gained 2 cents FT-A World Index



to A\$1.95 after dropping 6 cents

fell 5 cents to A\$1.50 and Division ing in the afternoon excuted purpose Hill Proprietary, in which Bell slightly. Blue chip, quality, proprietary and retail stocks saw the

26 cents to A\$8.66.

In resource stocks, trading focused on gold miners, with Emperor and Jason each rising 20 over of 6.9m shares, boosted by tively.

Westpac, trading ex rights and ex dividend, accounted for 15.2m shares worth A\$\$6.8m. The stock closed 18 cents down at A\$6.64. MIM rose 5 cents to A\$1.90 with INVESTORS took heart from the

aluminium prices.

turnover of more than 5m shares.

Hong Kong

and foreign investors for prop. NT\$13 to NT\$476 and Hua Nan erty issues helped push stocks Commercial added NT\$13 to higher amid reduced fears of NT\$470. interest rate rises, and the Hang Cathay Construction found Seng index added 22.04 to NT\$1 to NT\$113 and Pacific Con-2,590.39. Turnover was heavy at struction climbed NT\$2.5 to HK\$1.3bn.

Sun Hung Kai Properties and New World saw the largest gains, rising 40 cents and 30 cents to HK\$11.40 and HK\$11.70 respec-

Hutchison was the most active issue, on turnover worth HK\$61m, finishing 15 cents higher at HK\$8.80.

Tylfull was suspended after gaining 5 cents to 78 cents on volume worth HK\$37.3m amid talk that the company was about to change hands.

Singapore

TRADING volume and share prices reached their highest levels in Singapore since last October's market crash. The Straits Times industrial index rose for the ninth consecutive session, adding 11.22 to 1,035.12, while volume reached 68m shares worth S\$122m, compared with S\$50m on

Friday. The rise was initiated by for in early trade.

Bell Resources, in which Bell eign investors, encouraged by Group has a 43 per cent stake, fell 5 cents to A\$1.85 and Broken ing in the afternoon eroded gains fill Proprietary in which Bell ing in the afternoon eroded gains

Taipei

MIM rose 5 cents to ASI 90 with investibles took heart from the over 15m shares traded. The strong gains in Tokyo, and miner is the subject of a possible. Taiwan share prices rose to their takeover bid, but yesterday's rise highest ever, with the weighted seemed to result from support by index closing above 4,800 for the offshore and local investors following rises in the nickel and 4,900 barrier mid-morning.

The index climbed 100 25 to a local property of the index climbed 100 25 to a local property of

luminium prices. The index climbed 100.35 to a Other miners to gain included record 4.876.34, beating the previ-CRA, up 10 cents at A\$8.90 and WMC up 30 cents at A\$6.40 on turnover of more than 5m shares.

Our record of 4,785.03 on May 16.

Profit-taking pulled equities from the day's highs, but there were still good gains, especially for banks and construction

Chang Hwa Commercial Bank rose NT\$14, or 3 per cent, to DEMAND from both domestic NT\$487, First Commercial gained

FT-ACTUARIES INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		1401	BAUL YADI	5 1988		FR	DAY JUNE 3	DOLLAR INDEX			
Figures in parentheses show number of stocks	US Dollar	Day's Change	Pound Sterling	Local Currency	Gross Div.	US	Pound	Local	1988		Year
per grouping	Index	%	Index	Index	Yield	Dollar Index	Sterling Index	Currency Index	High	1988 Law	ago (approx
Australia (88)		-0.9	117.51	119.80	3.72	144.10	119.02	118.70	145.74	91.16	133.79
Austria (16)	87.99	+0.1	72.37	78.53	2.61	87.88	72.59	78.70	98.18	84.35	87.74
3elgium (6.3)	123.25	+1.3	101.37	109.73	4.59	121.67	100.49	108.77	139.89	99.14	116.60
anada (125)	122.03	+0.4	100.37	108.91	3.11	121.56	100.40	108.36	125.49	107.06	126.61
Denmark (39)	128.57	+0.2	105.75	114.45	2.55	128.28	105.96	114.59	129.52	111.42	118.54
inland (25)	135.65	+0.8	111.58	116.41	1.80	134.55	111.13	115.92	135.65	106.78	
rance (128)	96.59	+1.6	79,44	87.95	3.68	95.05	78.51	86.96	96.59	72.77	109.41
West Germany (99)	77.78	+1.0	63.97	69.41	2.67	77.02	63.61	69.15	80.79	67.78	91.21
long Kong (46)	103.86	+1.2	85.42	104.24	4,39	102.60	84.74	102.94	105.83	84.90	121 21
reland (18)	133.39	+0.4	109.72	120.68	3.93	132.88	109.75	120.68	135.14	104.60	127.62
taly (102)		+0.2	58.13	67.41	2.97	70.53	58,25	67.63	81.74	62.99	100.21
apan (456)	171.31	+0.7	140.90	136.55	0.52	170.05	140.45	135.33	177.27	133.61	155.82
Malaysia (36)	142.24	+1.3	116.99	141.52	2.57	140.36	115.93	139.66	142.24	107.83	171.6
MEXICO (14)	162.59	+1.1	133.73	404.41	1.24	160.74	132.76	401.05	176.90	90.07	209.34
letherland (38)	105.73	+0.5	86.96	93.02	4.97	105.16	86.85	93.04	110.66	95.23	116.38
lew Zealand (21)	81.19	-1.0	66.78	62.17	5.83	82.00	67.72	62.17	82.00	64.42	95.54
Vorway (25)		+2.5	102.96	106.57	2.83	122.14	100.88	104.49	132.23	98.55	140.01
incapore (26)	119.09	+1.7	97.95	110.94	2.26	117.15	96.76	109.10	119.09	97.99	144.47
ingapore (26)iouth Africa (60)	137.46	+2.0	113.06	88.70	4.83	134.76	111.31	86.92	139.07	118.16	158.92
pair (42)	162.10	+1.6	133.33	139.32	3.10	159.58	131.80	137.70	162.10	130.73	112.72
weden (36)	124.10	+0.4	102.08	110.37	2.57	123.63	102.12	110.27	125.50	96.92	113.13
witzerland (55)	80.94	+1.6	66.57	71.86	2.37	79.63	65.77	71.61	86.75	75.60	93.58
Jnited Kingdom (327)	136.99	+1.1	112.68	112.68	4.30	135.53	111.94	111.94	141.18	123.09	147.13
JSA (579)	108.77	+0.2	89.46	108.77	3.39	108.52	89.63	108.52	110.51	99.19	121.53
								100.52		77.17	121-55
urope (1013)	109.05	+1.1	89.69	94.10	3.77	107.90	89.12	93.54	110.71	97.01	119.25
acific Basin (673)	167.54	+0.7	137.80	134.49	0.71	166.38	137.42	133.28	172.26	130.81	153.63
uro-Pacific (1686)	144.16	+0.8	118.57	118.42	1.65	143.00	118.11	117.46	147.53	120.36	139.91
forth America (704)	109.47	+0.2	90.04	108.79	3.56	109.21	90.20	108.53	111.28	99.78	121.60
urope Ex. UK (686)	91.70	+1.1	75.42	82.48	3.28	90.74	74.95	82.03	92.81	80.27	101.94
acific Ex. Japan (217)	122.14	−0.1	100.47	108.69	3.93	122.24	100.97	107.59	122.24	87.51	127.00
Vorld Ex. US (1885)	143.34	+0.8	117.90	117.94	1.72	142.19	117,44	116.98	146.49	120.26	139,69
Vorid Ex. UK (2137)	129.31	+0.6	106.36	114.97	2.11	128.57	106.19	114.26	130.28	111.77	131.17
Vorid Ex. So. Af. (2404)	129.93	+0.6	106.86	114.92	2.30	129.13	106.66	114.21	130.96	113.26	132.41
Vorld Ex. Japan (2008)	110.15	+0.5	90.60	103.61	3.66	109.56	90.49	103.17	110.99	100.00	121.55
		—		114 32							
he World Index (2464)	129.98	+0.6	106.91	114.75	2.32	129.17	106,69	114.03	130.92	113.37	132.56

Base values: Dec 31, 1966 = 100; Finland: Dec 31, 1967 = 115.037 (US S Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times, Goldman, Sechs & Co., Wood Mackenzie & Co. Ltd.1987
Amendments to Indices for June 3 applied to the following-Spain, the Regional Indices and The World Index.
Markets closed June 6: Irefand and New Zealand.

Investors steer clear of Greece

THE 1987 boom on the small Athens stock exchange, in which share prices more than trebled and the volume of daily transactions shot up from a meagre Dr7m to over Drlbn on certain memorable days, is long gone.

Daily volume has stabilised at about Dr180m (\$1.3m), while the composite stock exchange share index, which opened on January 4 at 275.35, has climbed only slightly, reaching an undramatic 287.33 yester-

Equities continue to drift in weak volumes, unaffected by gains on other world markets, as foreign and domestic equity investors steer clear of Greece. Even takeover speculation, which has cropped up in recent weeks, has failed to add sufficient fizz to the

market. Chocolate and coffee producer Pavlides rose by 12.5 per cent, from Dr3,200 to Dr3,500, over a couple of days in mid-May amid rumours, confirmed yesterday, that Swiss confec-tioner Jacobs Suchard was seeking a controlling stake. The takeover talk failed to take the market much higher, however, and Pavlides now sits at Dr2,975.

Analysts had predicted at the time of the bourse's boom that the intense overheating of the small, illiquid Athens market - with a capitalisation of just Dr571bn - would be fol-lowed by a downward stabilisation, reflecting more the weaknesses in the workings of the exchange than any real

economic slump.
In the event, the market was also influenced by the October global markets crash, as well as by the termination of the socialist Government's economic stabilisation programme, which had significantly increased company profits, at the end of 1987.

Analysts agree that the future of the Athens exchange will depend greatly on planned reforms in its operations, included in a bill currently moving through the parlia-mentary pipeline.

Among other changes, the bill will introduce brokerage firms to the Greek market and lead to an electronic accounting, settlement and statistical

EUROPE

Elections boost Paris as bourses make broad gains

GAINS in Tokyo and in the dollar boosted share prices around Europe yesterday, except in Milan where profit-taking took equities lower, writes Our Mar-

kets Staff.
PARIS was buoyed by the result of the French legislative elections, as well as by gains on other leading bourses, and fin-ished higher in moderate trading. The CAC General index gained 3.1 to 338.3 and the Indicateur de Tendance rose 2.2 to 125.7 on news of stronger-than-expected support for right wing parties in the first round of the elections. "A narrow majority for the socialists is probably the best tonic for the market," said one

Continued speculative buying pushed Perrier to a high for the year of FFr858, a gain of FFr69. Luxury goods group LVMH saw further demand, adding FFr98 to FFr2,498 with 75,000 shares traded amid signs of Japanese buying. It was also helped by reports that it plans to list on the Tokyo stock exchange and by recent good figures, said ana-

Construction group Bouygues climbed 2.4 per cent, from FFr857 to FFr980, amid continued rumours of a management buy-

FRANKFURT closed higher for the sixth consecutive session in spite of profit-taking at midsession, with the FAZ index adding 1.45 to 464.06, its highest since mid-April.

Prices were buoyed in afternoon trading by demand from domestic and overseas institutions, which was not reflected in the FAZ, calculated at midday. The dollar's rise above DM1.72 helped sentiment as did gains in Tokyo and, last Friday, in New

York. Construction stock Hochtief fell DM30, or 6.7 per cent, to DM415 after analysts revised the group's earnings per share forecast sharply downward.

Bonds rose in moderate trad-ing, with the federal 6% per cent 1998 unit yielding 6.51 per cent against 6.61 per cent on Friday.

ZURICH responded to the

steady dollar and the record high in Tokyo with rises across the board in active trade. The Credit Suisse index rose 3.1 to 455.6. Interest focused on internationals such as food stock Nestlé, which saw its bearers rise SFT200

London

INTERNATIONAL blue chips ICI, Glaxo, BAT and Shell again took the market higher, as investors considered the weaker pound to be good news for exporters.

for exporters.

Rowntree edged up amid rumours that Swiss confectioner Nestle would soon increase its bid. The FT-SE 100 index added 13.5 to 1,832.7.

Nestlé's rival in the battle for Rowntree of the UK, confectioner

STOCKHOLM recovered from a again with the MIB index slip-nervous opening to close higher ping 3 to 991 in thin trading after after a moderately active day. profit-Early caution followed its gains. trend could not be maintained for much longer. However, Wall ing. Holding Coffde lost L38 to Street's rise on Friday helped boost sentiment. L90 at L5,320, fell to L5,200 after

changed hands, up from

SOUTH AFRICA

TRADING was subdued in hannesburg as thousands of black workers started a threeday strike protesting against legislation curbing trade union

powers.
Industrials closed narrowly mixed and the Industrial index made a modest eight-point gain to 1,596.

Mining stocks firmed across the board with buying by both local institutions and foreigners. The Gold index gained 43 points to 1,360. The rise was led by Vaal Reefs, up R8 to R282, and Randfontein, up R5 to R284.

SKF, the focus of a rumour that Nobel Industrier might bid for the company, saw its B free shares gain SKr13 to SKr278, taking its advance since Thursday to SKr22. Skanska, with a 25 per cent stake in Nobel, added SKr2

cent state in Nobel, about SK1342.
Industrial stock Trellaborg slipped SK12 to SK1247. It announced that its subsidiary Trellex had acquired Morse Rubber Products of the US.

BRUSSELS closed higher in the state of the US.

active trading encouraged by a recent space of optimistic com-pany statements and profit fore-Rowntree of the UK. confectioner Suchard, saw its bearers gain SFr150 to SFr7,675. News of Suchard's plans to take a majority stake in Greek confectioner Pavlides came after the close. Brown Boveri rose SFr25 to SFr2,400. The engineering company it formed with Asea of Sweden, Asea Brown Boveri, said on Friday it had signed a co-operation agreement with Rolls-Royce of the UK.

In chemicals Ciba-Geigy bearers rose SFr60 to SFr3,250 and Hoffmann-La Roche "baby" certificates added SFr350 to SFr11,400.

STOCKHOLM recovered from a gazin with the MIB index alignments and statements with the MIB index alignments. casts. The rise was led by blue-chip industrial shares

profit-taking wiped out early strong recent gains, with investors worried that the upward group mostly lost ground and Issues within the De Benedetti were sold off in after-hours trad-

The Affärsvärlden general hours. Olivetti, of which Mrindex moved up 3 to 862.3. as Cario De Benedetti is chairman, SKr280m worth of shares fell L29 to L9,601. Standa added L300 to L17,080

after parent Ferruzzi confirmed over the weekend that several acquisition offers had been made

acquisition offers had been made for the supermarket chain. AMSTERDAM finished higher, shrugging off Wall Street's lower opening, as the dollar firmed to F1 1.931 after opening at F1 1.9293. The all share index added 0.6 to 87. Airline KLM, up 60 cents at F1 35.40, denied reports that it was to merge with Sabena of Belgium

and Swissair, saying it was nego-tiating with several airlines. MADRID reached its fourth consecutive record high in spite of early profit-taking, with the general index gaining 3.59 to

294.93. -Tabacalera lost 20 percentage points to 1,125 per cent of par, and later reported pre-tax profits up 48 per cent at Pta 8.6bn.

Company Notices



RAND MINES GROUP (All Companies Incorporated in the Republic of South Africa)

> DIVIDEND DECLARATION SLYVOORUTIZECHT GOLD MINING COMPANY, LIMITED (Company Registration No. 05/09743/05)

NOTICE IS HEREBY GIVEN that dividend No. 85 of 75 cents per share has been declared in South African currency, as a final dividend in respect of the year ending 30 June, 1988, payable to members registered at the close of business on 24 June, 1988. The register of members will be closed from 25 June to 3 July, 1988 inclusive. Dividend warrants will be posted on or about 29 July, 1988.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom registrars, transfer and paying agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 25 June, 1986, on which toreign currency dealings

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

companies have decided not to decisee dividends for the half-year (Company Registration No. 01/00926406) EAST RAND PROPRIETARY MINES, LIMITED) By order of the Boards, RAND MINES (MINING & SERVICES) LIMITED,

Secretaries in the United Kingdom Charter Consolidated Services Limited London EC1P 1AJ

per V M MURTON

6 June, 1988

D, 18th Floor, The Cornet House 63 Fox Street JOHANNESBURG 2001 (P O Box 82370, MARSHALLTOWN, 2107)

mbers of the

SOCIETE GENERALE U.S. 500 000 000 **Undated Subordinated Floating Rate Notes** For the six months, May 27, 1988 to November 27, 1988, the

The interest due on November 28, 1988 against coupon nr 4 will be \$US 405,33 per \$US 10,000 nomina amount of notes and \$4,053,30 per \$US 100,000 nominal amount of notes and has been computed on the actual number of days elapsed (185) divided by 360.

rate of interest has been fixed at 7,8875% P.A.

The Principal Paying Agent, SOCIETE GENERALE ALSACIENNE DE BANQUE 15, avenue Emile Reuter LUXEMBOURG

Legal Notices

E & A WELDING COMPANY LIMITED

receivers: 26 May 1950 Name of person appoint manufactures: Barolays

JOHN FREDERICK POWELL and IAN NAPIE

Art Galleries

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Clubs

01-734 0557.

Contracts & Tenders

Announcement From EREGLI IRON AND STEEL WORKS CO. (ERDEMIR)/TURKEY

1- Approximately 595,000 metric tons of slabs to be imported for our works January 1989-December 1989 period

Tender documents for this inquiry may be obtained as of 6 June 1988 from our following offices;

Diş Alimlar Müdürlüğü (Foreign Purchases) Uzunkum Cad. Kdz Ereğü/TURKEY b) Ereğli Demir ve Çelik Fabrikalari T.A.Ş. Satinalma Genel Müdür Yardimciliği Satinalma Müdürlügü

a) Eregli Damir ve Çelik Fabrikalari T.A.Ş. Satinalma Genel Müdür Yardimçilei

Gümüssuyu Cad. Deran Han Kat.4 Istanbul/TURKEY c) Ereğli Demir ve Çelik Fabrikalari T.A.Ş. Satinalma Genel Müdür Yardimciliği Diş Alimlar Müdürlüğü Diş Alim Sipariş Takip Şefliği Atatürk Bulvari, Sekan Han No. 127 Kat.S

The offers in sealed envelope should be submitted to Eregli Demir ve Çelik Fabrikaları T.A.Ş. Satinaima Genel Müdür Yardimciliği, Uzunkum Cad.Kdz.Ereğli/TURKEY at the latest by 17:00 hours Turkish local time on 18 July 1988.

-Our company reserves the right to place the order either partially or completely with any bidder, to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.

Legal Notices

Ankara/TURKEY

No 002767 of 1989 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION

IN THE MATTER of PEARSON pic - and -IN THE MATTER of THE

COMPANIES ACT 1985 NOTICE IS HEREISY GIVEN that a Patistic on the 10th day of May 1906 presented to Majesty's High Court of Justice for the con-tion of the cancellation of the Share Pre Account of the said Company.

AND NOTICE IS FURTHER GIVEN that the said Patition is directed to be beared before

A copy of the said Petition will be be

any person requiring the same by the un mentioned Solicions on payment of the r lated charge for the sense Dated this 4th day of June 1985 FRESHPIELDS (T/OPC2/25385) Walden House . 17-24 Cathedral Place London EC4M TJA

NORTHAMPTONSHIRE

The Financial Times proposes to publish this survey on:

21st June 1988

For a full editorial synopsis and advertisement details. please contact:

> Authony G Hayes on 021-454-0922 or write to him at:

Financial Times George House George Road Edgbaston . Birmingham BI5 1PG